

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

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TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce strongly opposes H.R. 3, the “Lower Drug Costs Now Act of 2019.” By imposing government price controls on prescription drugs, H.R. 3 will reduce investments in medical research, put at risk over 700,000 American jobs, and potentially shift cutting-edge medical research to foreign countries, like China. The Chamber appreciates efforts to reduce health care costs, but cannot support this legislation’s misguided approach. **Members who do not cosponsor this legislation will receive credit as part of the leadership component of their rating in the Chamber’s “How They Voted” Congressional scorecard.**

While this legislation is promoted as allowing government programs like Medicare to negotiate prices, H.R. 3 would in reality impose government price controls on pharmaceutical drugs. Government price controls are fundamentally incompatible with a free market economy.

The Chamber’s concerns with H.R. 3 are based on the real-world experience in other countries who have pursued similar policies. For example, the number and diversity of drugs available in countries with government price controls provides an example as to how these policies would harm access to medicines. Of all the new medicines launched worldwide between 2011 and 2018, 90% are available in the U.S. France and Canada present a stark comparison, as only 50% of these new drugs are available in France, and 46% in Canada.

Regarding research and development, the effect these price controls have had elsewhere predicts what would happen if H.R. 3 were enacted. Despite the remarkable scale of pharmaceutical research and investment in Europe during the 1980s, government price controls enacted there two decades ago have resulted in research moving elsewhere. In 1986, investment in pharmaceutical research and development in Europe exceeded investment in the U.S. by about 24%. Today, investment in Europe trails the U.S. by nearly 40%. This has resulted in 46 fewer new medicines introduced by European companies and a loss of over 1,500 research jobs. H.R 3 would impose a wet blanket on cutting-edge medical cures that could save and improve the lives of countless Americans. It will likely result in research moving outside of the U.S.

Further, H.R. 3 sets a dangerous precedent. If Congress can impose price controls on prescription drugs, why not on hospital and physician treatments?

Rather than advancing proposals that will curb access to lifesaving medicines and eviscerate over 700,000 Americans jobs, policymakers should work to address the problems in our current system by taking the following steps:

- Consider ways to rework and reform the Medicare Part D benefit design.
- Facilitate the approval of generics and biosimilars.

- Help reduce costs for all Americans by moving towards a more value-based system that rewards outcomes and limits costs, and by repealing the Cadillac tax, the health insurance tax, and the medical device tax.
- Help Americans with out-of-pocket costs through expansion of Health Savings Accounts and Health Reimbursement Arrangements.
- Expand coverage options through mechanisms like Association Health Plans.
- Solidify the ACA's exchanges through the use of risk corridors and funding cost-sharing reduction payments.

The Chamber looks forward to working with Congress on legislation that improves access to and reduces the cost of healthcare, and which preserves the free market and the employer-sponsored insurance system.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a stylized flourish at the end.

Neil L. Bradley