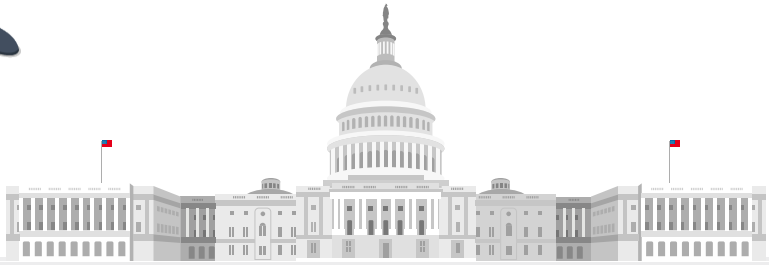
Government Price-Setting Policies Hurt Patients

Government price-setting policies—whether federal or state—insert bureaucracy between patients and their doctors, hinder access to treatments and stifle innovation.

Inflation Reduction Act
Drug Price Setting

Most Favored
Nation Drug Pricing

State Price-Setting Boards



Why price-setting, in all forms, is the wrong approach:

Fails to Address the Real Cost Drivers

Nearly 50% of every dollar spent on medicines goes to entities like insurers, pharmacy benefit managers (PBMs) and 340B hospitals — not the manufacturers. Price-setting overlooks these middlemen and hospital markups.

Discourages Innovation

Since the IRA was introduced, investment in small molecule research has dropped nearly 70%, signaling a troubling decline in support for future medical breakthroughs.

Erodes U.S. Leadership in Biopharmas

China sponsors 30% of global clinical trials and leads in oncology trial starts, narrowing the gap with the U.S. and threatening our competitive edge.

Learn more at PhRMA.org/PriceSetting

PhRMA
RESEARCH • PROGRESS • HOPE

Regulatory Approaches that Jeopardize Patients and Progress

Most Favored Nation (MFN)

pricing imports price setting policies from countries with socialized health care systems. These policies could:

- Jeopardize U.S. leadership in biotech innovation
- Divert billions from domestic manufacturing
- Strengthen China
- Fail to guarantee lower costs for patients

Inflation Reduction Act's (IRA)

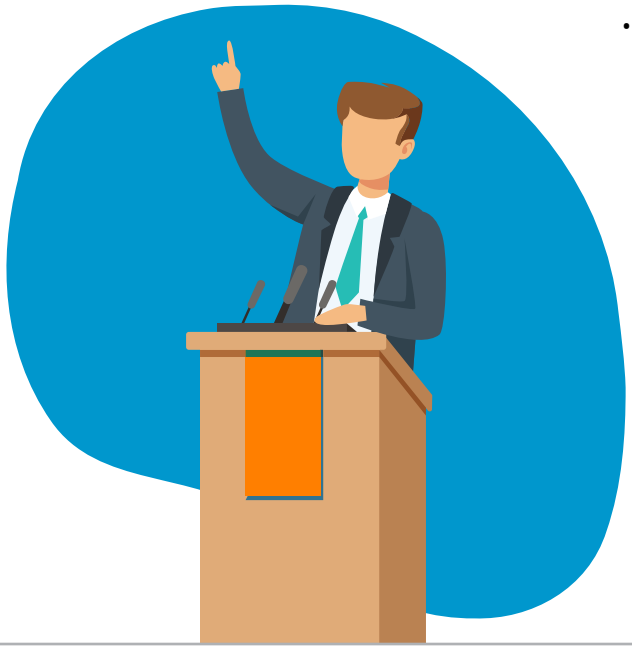
price setting provisions give the federal government sweeping authority to set prices for certain medicines in Medicare. These policies could:

- Discourage innovation
- Harm providers and pharmacies
- Risk limiting access to treatments
- Fail to guarantee lower costs for patients

State Price-Setting Boards

often consist of unelected bureaucrats with little health care experience and often fail to adopt consistent standards and processes to evaluate the data used to make decisions about medicines that are crucial to patients' wellbeing. These boards:

- Interfere with decision making between patients and doctors
- Threaten patient access
- Undermine innovation
- Fail to guarantee lower costs for patients



There are Better Ways

To truly help patients, we must address the root causes of high costs—without undermining innovation or access.

- **Crack down on PBMs:** Hold PBMs accountable for practices that inflate costs.
- **Fix the 340B hospital markup program:** Ensure big, tax-exempt hospitals use profits to benefit patients, not boost bottom lines.
- **End foreign freeriding:** Ensure other developed countries are paying their fair share for innovative medicines.
- **Support innovation & IP protections:** Strengthen policies that encourage R&D and protect intellectual property to keep the U.S. at the forefront of medical breakthroughs and ensure that predictable competition lowers costs for U.S. patients.

Learn more at PhRMA.org/PriceSetting

PhRMA
RESEARCH • PROGRESS • HOPE