



Grover G. Norquist

President

January 27, 2004

Honorable Donna J. Boley
1900 Kanawha Boulevard
East Building 1 Room 213 W
Charleston, WV 25305

Dear Senator Boley,

The West Virginia House just passed “The West Virginia Pharmaceutical Availability and Affordability Act” (HB 4084), which requires the establishment of a West Virginia Pharmaceutical Commission to implement a program to import Federal Supply Schedule pricing of pharmaceuticals into the state. Since the amount paid for pharmaceuticals made available to residents of West Virginia participating in state-run insurance programs may not exceed FSS prices, HB 4084 would ultimately impose price controls.

While price controls are being advocated by some in West Virginia as a way to reduce the cost of state-provided health care, **Americans for Tax Reform (ATR) opposes efforts to impose price controls. Such market manipulations are poor public policy and lead to negative long-term consequences for taxpayers and healthcare consumers.**

HB 4084, or any price control bill, is a *de facto* theft of private property rights. The American people, through their elected representatives in Congress, decided to grant patent rights to those who create innovative new drugs. Pharmaceutical companies, and their millions of investors large and small, decided to invest billions of dollars to develop new drugs because of those patent rights. Any after-the-fact restriction on those patent rights is theft from the pockets of countless investors.

Taxpayers’ most important arguments against price controls are:

- When Medicaid recipients are denied access to drugs that do not appear on their state’s list, beneficiaries can suffer serious health consequences from not having the drugs prescribed by their doctors. This can result in more frequent surgeries, hospital stays, and emergency room visits – expensive services that ultimately cost more to finance than administering a prescription.
- Price controls do not result in reduced spending. Any additional funds generated by imposing a price control are simply re-allocated to another government program – not returned to taxpayers via an overall spending cut, refund, or tax credit.
- Price controls impact the level of resources that drug companies can dedicate to research and development. Many new drugs reduce the need for expensive procedures.

Price controls are bad public policy, bad for the health of Medicaid recipients, and bad for the long-term prospects of developing life-saving drugs. **I urge you to oppose HB 4084 or any price control effort if it is considered this year.**

Sincerely,

Paul Proski

State Government Affairs Manager