



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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Stabenow Resolution: Another Round of Bad Health Care Policies

Americans for Tax Reform strongly opposes efforts by Senator Debbie Stabenow (D-MI) to offer a sense of the Senate resolution that includes prescription drug reimportation and price control language. The resolution also would weaken the intellectual property rights of innovator prescription drug companies. These policies would reduce the existing competition in the marketplace that works to contain health care costs and endanger the lives of American consumers.

Reimportation of Drugs from Canada:

Both the previous and current Secretaries of Health and Human Services agree that reimportation of prescription drugs is dangerous and poses unacceptable risks to the American public. Furthermore, drugs in Canada are cheaper because the Canadian government enacts price controls, a policy that shifts the costs of research and development onto American consumers. Similar policy enacted in this country will further limit the development of drugs, many of which have already reduced the need for expensive and invasive medicine.

Price Controls on Prescription Drugs

Price controls distort the competitive market processes that work to reduce prescription drug costs over time. A marketplace hindered by price controls will not allow drug companies to recoup the research and development costs necessary for new drugs, and consequently fewer new drugs will enter the market. Many drugs have proven to reduce the need for expensive, invasive

procedures; if fewer of these drugs are developed in the future, fewer cost-saving benefits will result.

Hatch-Waxman Patent Rule

“Reform”: Generic drug companies already consume approximately half of the market share, for the simple reason that Hatch-Waxman works well *as enacted in 1984*. Additional meddling in the market to tilt the balance in favor of generic companies will result in fewer new drugs entering the market, as innovator companies are unable to recoup their research and development costs. Changes proposed by Sen. Stabenow would unnecessarily encourage litigation during the new drug approval process, causing delays and increasing the cost of bringing new drugs to market.

Taxpayers likely will absorb any additional costs accrued in the public sector as a result of these policies. ATR opposes these policies as a matter of free-market principle.