



February 25, 2021

To: Members of the Senate Appropriations Committee
From: Americans for Tax Reform

Re: Oppose Senate Bill 734, Price Controls on Prescription Medications

Dear Senator,

On behalf of Americans for Tax Reform (ATR) and our supporters across Oklahoma, **I urge you to oppose Senate Bill 734**, legislation that would cap the amount state-regulated commercial insurance plans can pay for prescription drugs at a “reference price.” If implemented, this bill, **which is a price control, would jeopardize innovation in the pharmaceutical industry and result in patients having less access to their medicines.**

Currently in the United States, it costs around \$2.6 billion and takes approximately 10 years – which includes the six to seven-year clinical trial process the Food and Drug Administration (FDA) requires for drug approval – for a new drug to enter the market. Given this long and expensive process, it is unsurprising that less than 12 percent of drugs that begin preclinical testing make it to approval.

As such, forcefully reducing the price of prescription medications is a very shortsighted “solution.” **Legislation such as SB 734 would leave pharmaceutical manufacturers with fewer resources available to invest in the next generation of lifesaving and life-improving medicines.** Similarly, it would also make it more difficult for potential manufacturers to successfully launch their operations. **This would result in the people of Oklahoma being left with even fewer, lower quality choices.**

Buttressing this point is experience from countries with a more heavy-handed approach to healthcare policy, which has demonstrated that government intervention neither lowers costs nor increases access. Rather, it stifles development, creates shortages, and leads to fewer choices for consumers and patients.

The best thing state lawmakers can do to mitigate rising healthcare costs is embrace free market solutions, which promote the competition that spurs innovation, improves quality, increases the number of available options, and naturally keeps prices low. **ATR opposes Senate Bill 734 and urges lawmakers to vote NO.**

Sincerely,

Grover Norquist
President
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