
BUSINESS

How President Trump's Executive Order Will Put An End To Pharmaceutical Breakthroughs

By Andrew Spiegel

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KEY POINTS

- Based on Trump's order, the federal government would set Medicare drug

also have immediate effects on the availability of existing medications.

- Americans currently enjoy largely unfettered access to new prescriptions.
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Every day, scientists get closer to a COVID-19 vaccine. A handful of biopharmaceutical firms hope to make one available by year's end.

Unfortunately, a new executive order from the Trump administration could slow their progress.

The order would implement a "most favored nation" policy on drug pricing. In plain English, that means the federal government would set Medicare drug reimbursements equal to the lowest price offered in other developed countries.

This is a dangerous idea under any circumstances, but it's particularly troubling now. The order would reduce patients' access to medicines and discourage research into COVID-19 treatments and other cutting-edge therapies. Let's hope the president reconsiders.

According to President Trump, the most favored nation policy would cap the amount

the U.S. government reimburses for certain Medicare treatments at the lowest price paid by a member of the OECD with a "comparable per-capita GDP." Right now, those nations pay up to 70% less for the exact same drugs that Americans take.

This disparity exists for a reason. Many of those OECD nations have centralized, government-run healthcare systems that set artificially low prices for medications.

The administration's order would import those price controls to the United States. That would deliver cheaper medicines -- but it'd also cause severe consequences.

Pharmaceutical innovation is an extraordinarily expensive and time-consuming process. On average, it takes more than a decade and over \$2.5 billion to bring a new drug to market. In part, that's because most experimental medications ultimately fail during clinical trials. Less than 12% of experimental drugs ultimately receive approval from the FDA.



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Research companies rely on revenue from a handful of successful drugs to offset their many expensive failures. And since price-controlled markets hardly provide the sales needed, it's the United States that drives global research and development. Today, U.S. researchers invent roughly 60% of all new therapies -- including those for cancer, heart disease, Alzheimer's, and now COVID-19.

As a career-long advocate for patients -- specifically those battling colon cancer -- I've

witnessed firsthand just how important medical innovation is. In the last 50 years, death rates from colorectal cancer have plummeted 54%, largely because of breakthroughs in therapies.

If our leaders deprive biopharmaceutical firms of their ability to recoup their investments, investors won't be willing to risk enormous sums to develop such breakthroughs. R&D spending will plummet and, with it, the chances of producing an arsenal of effective treatments for COVID-19 and other diseases.

Price controls don't merely stifle the development of future medical breakthroughs. They also have immediate effects on the availability of existing medications.

Americans currently enjoy largely unfettered access to new prescriptions. Between 2011 and 2018, 88% of all newly launched medications were available in the United States.

That's hardly the case in other countries. Drug manufacturers often can't afford to sell their medicines at the below-market prices offered by government health agencies. So,

patients find fewer medicines on the pharmacy shelves. Just 50% of newly launched medications were available in France between 2011 and 2018. Meanwhile, in Canada and Australia, patients had access to less than half of all new treatments.

In just six months, America's researchers have developed multiple promising vaccine candidates. Why now, with a vaccine so close at hand, would the Trump administration decide to take us backwards?

Andrew Spiegel is the executive director of the Global Colon Cancer Association and Chair of the World Patients Alliance.

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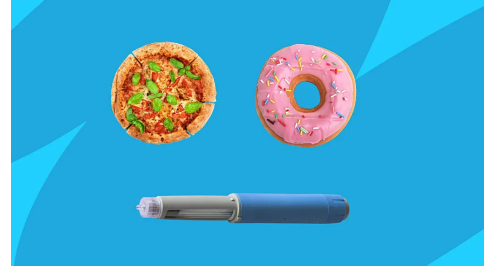


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