



The Daily Dish

Congress and Drug Prices

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Eakinomics: Congress and Drug Prices

Reducing the cost of prescription drugs is at the top of everyone's policy wish list and Congress has been understandably busy on this front. This effort has yielded a welter of bills crafted by a number of committees on both sides of the Capitol. To the casual observer, the result may appear to be an incoherent collection of policy odds and ends. After all, what does the CREATES Act have to do with provisions to clarify exclusivity rights for new chemical entities? CREATES reforms the [Risk Evaluation and Mitigation Strategies \(REMS\)](#) protocols to allow the entry of a generic competitor by guaranteeing the generic manufacturer's ability to obtain enough samples of the brand-name drug to prove its product's bioequivalence. In contrast, the Senate HELP Committee's S. 1895 returns to limiting five-year exclusivity only to drugs containing no previously approved chemical entity. In 2018, the Food and Drug Administration had permitted fixed-combination products that had both a new and previously approved entity to receive the full five years of exclusivity.

In her [review](#) of congressional drug pricing reform legislation, AAF's Tara O'Neill Hayes points out that these are both provisions intended to increase competition. Indeed, greater competition is the unifying theme of the drug reform efforts. The legislation takes three broad approaches to better competition: 1) ending tactics that prevent competitors from entering a market (such as those discussed above), 2) increasing transparency around pricing practices, and 3) looking to lower the costs of developing new drugs.

This is, of course, exactly the right strategy. On a bipartisan basis, Congress has steered away from price controls (at least so far) and inefficient attempts to provide taxpayer subsidies to drug purchasers. The latter is already in place (e.g., the Part D program in Medicare); increasing the subsidy would simply push up demand for drugs and the very prices Congress would like to control.

It remains to be seen if Congress can get legislation over its finish line and through the obstacle course of presidential approval. But for now, at least, the thrust of these efforts is on the right track.