



The Daily Dish

# Setting the Record Straight

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The campaign of misinformation regarding the drug provisions of the Inflation Reduction Act (IRA) continues apace. A typical effort was [published](#) in *The New York Times* under the headline “The 4 Arguments You Will Hear Against Drug Price Negotiation.” Let’s consider them in turn.

## **Argument 1: Government-negotiated drug prices will harm innovation and result in fewer lifesaving drugs.**

The author actually immediately concedes that this is correct: “Lower prices mean lower profits, and that will be less attractive to investors. Drug development is a risky business, and the appeal for investors is the big potential payoff fueled by higher prices.” The actual argument being made is “the lost innovation is more than offset by the value of savings.” But the actual impact is unknowable, so this amounts to just one opinion not supported by any facts.

## **Argument 2: Government drug price negotiation is tantamount to price controls.**

Actual government drug price negotiation might not result in price controls, but the IRA plainly imposes them. The law establishes a “maximum fair price” (MFP) for each drug. The MFP can be no higher than 40 to 70 percent of the average non-federal price, but can be negotiated lower. That is a price control. Period. The author then acknowledges how much word choice matters: “price controls are controversial and in the current era can be painted as big government. ‘Negotiation’ sounds less harsh.”