Insight

Taking the Voters' Pulse on Pharmaceuticals

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Executive Summary

The American Action Forum commissioned polling research by OnMessage Inc. to better understand voters' attitudes toward various policy proposals regarding prescription drug pricing. Although the issue has since been overwhelmed by the COVID-19 pandemic and its fallout, the results remain a valuable guide to an issue that will doubtless re-emerge in the future.

The key insights are:

- Voters' top health care financing concern is insurance premiums; concern over drug prices also fell behind surprise medical bills.
- In looking at proposals for drug pricing reform, voters preferred re-designing Medicare Part D to make it more affordable and put downward pressure on prices.
- Voters initially supported ideas such as capping prices based on those in other countries and taxing price increases, but this support substantially eroded when respondents learned more about them.

Introduction

It is important to understand voters' policy preferences, as through elections these preferences ultimately direct policies. Recently, the policy preferences on the left have been clear, favoring heavy-handed government intervention. The greater surprise has been the apparent willingness of conservatives to embrace similar ideas such as price controls.

To better understand this apparent shift on the part of conservative voters, this poll focused on three distinct groupings of congressional districts, separating the survey into "Safe Republican," "Mid-Republican," and "True Swing" districts. See the memo from OnMessage here.

Drug Prices and Top Health Issues

While rhetoric might suggest otherwise, the polling found that voters' top priority in health policy is not drug prices but rather the cost of insurance premiums, with 30 percent naming it the top issue. Concern about drug prices also fell behind surprise medical bills (20 percent), with only 18 percent of the respondents naming drug prices as their top issue.

Drug Price Proposals

The poll focused on policy proposals for price caps, taxing drug price increases, and Medicare Part D reform. One clear finding is that voters want to see Congress act on drug prices and show strong initial support for all

proposals.

Medicare Part D Reform

Among the leading proposals are re-designs of the Part D benefit to introduce a maximum out-of-pocket cap and stronger incentives for low drug prices. The poll asked voters how they feel about reforming Medicare Part D.

Another proposal to reduce drug prices being debated in Congress is focused on Medicare Part D. Currently one-third of all prescription drug spending in America is covered by Medicare Part D. Under this proposal there would be a new absolute limit on the amount seniors would pay out of pocket annually. Once that limit is reached, all additional costs would have to be paid for by some combination of the insurance companies, the drug manufacturers, and the federal government.

	Total	DEM	IND	GOP
Favor	66%	73%	65%	64%
Oppose	23%	17%	25%	25%

Prescription Drug Pricing ProposalsThis reform means that once seniors hit the cap on their costs, drug manufacturers and insurance companies face higher costs. This dynamic creates an incentive for each to try to keep costs down.

Under this plan, both the drug manufacturers and the insurance companies would be incentivized to keep costs down, which would benefit everyone, not just seniors.

	Total	**DEM**	**IND**	**GOP**
More Likely	86%	89%	83%	87%
Less Likely	7%	5%	11%	7%

While this proposal already has broad support, pointing out the beneficial incentives associated with the direct limit on seniors' drug costs makes this policy even more appealing to voters.

Price Caps

A number of proposals would effectively introduce price caps. To understand these, the basic question asked about capping prices was:

As you may have heard, in order to lower prescription drug prices, some in Congress have proposed setting price controls that would cap the price of drugs in America at the average price of the same drug in foreign countries. Would you favor or oppose this method of reducing drug prices?

	Total	DEM	IND	GOP
Favor	73%	84%	73%	63%
Oppose	19%	8%	20%	28%

This proposal received broad support from across the ideological spectrum. But providing some information

about the implications of capping prices notably changes that support.

Currently, countries that cap drug prices often do not get access to new drugs until at least a year after its approval by the FDA and some drugs are never made available to the public in countries where prices are capped.

	Total	**DEM**	**IND**	**GOP**
More Likely	28%	35%	23%	24%
Less Likely	54%	51%	55%	57%

Noting that price caps are a route to lack of access to drugs makes a majority of Democrats, Independents, and Republicans less likely to favor them.

Taxing Drug Price Increases

The poll also looked at the idea of levying a 100 percent tax on any drug-price increases above the general inflation rate.

Another proposal to reduce drug prices that Congress is debating is to put higher taxes on any drug that increases its prices faster than the rate of inflation. Under this proposal any revenue that results from a drug price increase would be taxed at 100%, preventing pharmaceutical companies from profiting off the increase. Do you favor or oppose this proposal?

	Total	DEM	IND	GOP
Favor	52%	62%	63%	42%
Oppose	38%	28%	40%	48%

Once again, the policy is quite popular, although less so among Republicans surveyed. A drawback to these kinds of “inflation taxes” is that they are a natural incentive to raise the launch price of the drug. Pointing out this incentive has a dramatic impact on the appeal of the policy.

This policy creates a massive loophole for drug companies to jack up their prices when they launch a drug in order to avoid paying the penalty. This would make the drug price problem even worse with higher prices.

	Total	**DEM**	**IND**	**GOP**
More Likely	15%	15%	14%	14%
Less Likely	72%	74%	71%	74%

Conclusion

The polling reveals two important insights. First, drug prices are only the third most important issue for respondents; voters are more concerned about the cost of insurance premiums and the issue of surprise medical bills. Second, the only proposal that becomes more popular as voters learn more about it is re-designing Medicare Part D to make it more affordable and put downward pressure on prices. In contrast, while support for ideas such as capping prices or taxing price increases is initially high, this support declines as people become more informed about the consequences of these policies.