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The Honorable Judy Lee
Chairman
Senate Human Services Committee
North Dakota Legislative Assembly
600 East Boulevard
Bismarck, ND 58505

Dear Chairman Lee,

On Monday, January 16, the Senate Human Services Committee will hold a hearing on [SB 2031](#). On behalf of the 4,178 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in North Dakota, I urge you to oppose this legislation, which would impose price controls on prescription drugs through the establishment of the prescription drug reference rate pilot program. Throughout history, price controls have distorted markets, hurt innovation, and exacerbated the problems they were created to fix.

Imposing price controls on prescription drugs and expanding government control of the North Dakota healthcare system will both fail to reduce prices and harm patients by stifling the development of new treatments and cures. The prescription drug reference rate pilot program would give the state insurance commissioner unilateral power to set drug prices based on prescription drug prices in Canada and determine the cost for a drug should a specific reference price not be available in Canada.

If the insurance commissioner determines that a pharmaceutical company is withdrawing a referenced drug from sale or distribution to avoid the rate limitations, or refuses to negotiate prices “in good faith,” the commissioner is authorized to assess a penalty of \$500,000 or the amount of “annual savings determined by the commissioner,” whichever is greater. This vague and arbitrary standard and the potential taking of intellectual property without compensation is nothing more than a money grab by the government and will be challenged in court, including an argument that it is unconstitutional.

Americans across the country, including in North Dakota, are suffering from thousands of debilitating diseases without cures. The U.S. is a leader in developing new and needed cures and mirroring the pricing systems of government-run healthcare systems like Canada’s will lead to fewer drugs being created to help those patients.

Instead of imposing damaging price controls, legislators should contact North Dakota’s federal representatives and encourage them to hold the Food and Drug Administration’s feet to the fire for faster generic drug approvals and create an environment that encourages more “me too” drugs that will foster competition among branded pharmaceuticals that are in the same class and still under patent. A permanent market-based solution will lower prices, not more government intrusion.

Again, I urge you to oppose SB 2031 and refrain from enacting any form of drug price control legislation in North Dakota.

Sincerely,

Tom Schatz