**Thomas A. Schatz, *President***
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September 6, 2022

The Honorable Robin Weisz
Chairman
Health Care Committee
North Dakota Legislative Assembly
600 East Boulevard
Bismarck, ND 58505

Dear Chairman Weisz,

On behalf of the 4,186 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in North Dakota, I urge you to oppose any draft legislation that would adopt price controls on prescription drugs. Throughout history, price controls have distorted markets, hurt innovation, and never solved the problems they were created to fix.

The draft legislation that is expected to be discussed during the September 15, 2022, Health Care Committee meeting would impose price controls on prescription drugs and expand government control of the North Dakota healthcare system. The bill establishes a prescription drug reference rate pilot program to be carried out by the insurance commissioner. The commissioner would have 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 will be challenged in court, including an argument that is it unconstitutional.

Americans across the country, including in North Dakota, are suffering from thousands of debilitating diseases without cures. This legislation will stifle the development of new treatments and cures and harm these patients now and into the future.

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 refrain from enacting any form of drug price control legislation in North Dakota.

Sincerely,

Tom Schatz