



**COUNCIL for  
CITIZENS  
AGAINST  
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WASTE**

**Thomas A. Schatz, *President***  
1100 Connecticut Ave., N.W., Suite 650  
Washington, D.C. 20036  
[ccagw.org](http://ccagw.org)

April 15, 2020

Minnesota Senate  
95 University Avenue, West  
Saint Paul, MN 55155

Dear Senators,

You will soon consider [SF 1098](#), the “Prescription Drug Price Transparency Act.” On behalf of the 35,546 members and supporters of the Council for Citizens Against Government Waste in Minnesota, I urge you oppose this legislation. This legislation will not lower drug costs for patients and any appropriation that would be needed to administer the transparency program should be used to fight COVID-19.

The Federal Trade Commission (FTC) has acknowledged that disclosure of pricing information could undermine beneficial market forces within the industry, leading to higher rather than lower prices. A July 2, 2015 FTC [policy paper](#), “Price Transparency or TMI,” stated, “But transparency is not universally good. When it goes too far, it can actually harm competition and consumers. Some types of information are not particularly useful to consumers but are of great interest to competitors. We are especially concerned when information disclosures allow competitors to figure out what their rivals are charging, which dampens each competitor’s incentive to offer a low price or increases the likelihood that they can coordinate on higher prices.”

The transparency pricing trigger in SF 1098 is dependent on the wholesale acquisition cost, which is essentially a list price and does not account for rebates, discounts, and other price concessions given for pharmaceutical distribution.

The reams of data that will be collected, much of it proprietary, would not accurately reflect the cost paid by consumers, would be of little value, and will not lower drug costs. If anything, this bill will raise drug costs because of the extra accountants, lawyers, and auditors who will be needed to produce the data in a timely manner to avoid civil penalties.

The price of prescription drugs generates much media attention and controversy, and it is understandable that legislators, government officials, and consumers are expressing their concern. But, the best approach to lowering drug prices is an environment that fosters competition and innovation, not more regulation and government intervention.

It takes 10 to 12 years and an average of \$2.6 billion to get a new drug through the Food and Drug Administration (FDA) approval process. Competition lowers prices for any product, including prescription drugs. Minnesota legislators should ask their congressional delegation to

continue to hold the FDA's feet to the fire to make sure that generic drugs are approved in a timely manner and the agency continues to adopt modern techniques that streamline and speed up clinical trials and approval processes.

A February 13, 2020 President's Council on Economic Advisers [report](#), "Funding the Global Benefits to Biopharmaceutical Innovation," shows how countries that use price controls are benefitting from U.S. biopharmaceutical research, paid for by U.S. taxpayers and consumers. The report states, "The global result of the 'free-riding' behavior of such countries is a slower pace of innovation, resulting in fewer potential new life-saving therapies for patients in all countries. ... We find that if free-riding abroad was reduced, then the United States could institute domestic pricing policies that could save its patients and taxpayers \$194 billion a year ... without sacrificing the flow of new treatments."

Faster FDA approvals and Congressional support of better trade deals that would require our trading partners to pay their fair share of biopharmaceutical research would be a far more effective way to help bring down the price of prescription drugs than passing harmful and counterproductive transparency language.

I urge you to vote against SF 1098.

Sincerely,

The image shows a handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.