



**COUNCIL for
CITIZENS
AGAINST
GOVERNMENT
WASTE**

Thomas A. Schatz, *President*
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ccagw.org

January 15, 2020

Senate Health and Long Term Care Committee
Washington State Senate
Room 435A, J.A. Cherberg Bldg.
P.O. Box 40466
Olympia, WA 98504-0466

Dear Senator,

On January 17, 2020, the Senate Health & Long-Term Care Committee is scheduled to hear SB 6088, Establishing a Prescription Drug Affordability Board Act, and SB 6110, Importing Prescription Drugs from Canada Act. SB 6088 would create a government-run healthcare rationing board, like those seen in countries with socialized medicine. SB 6110 would create a price-control importing scheme that will do nothing to lower the state's drug costs but will increase health risks for its citizens. On behalf of the Council for Citizens Against Government Waste's (CCAGW) 49,594 members and supporters in Washington, I ask that you oppose these bills.

SB 6088 creates a socialistic-style healthcare rationing board, like the National Institute for Health and Care Excellence (NICE), which is part of England's National Health Service. NICE is not very nice as it routinely denies and delays innovative medicines to its citizens. An October 28, 2018 *Wall Street Journal* editorial noted that from 2011 to 2018, of the 74 new cancer drugs launched in the world, 95 percent were available in the United States compared to 74 percent in the U.K., 49 percent in Japan, and 8 percent in Greece. While other countries save money by using price controls and rationing, they pay for it in lost productivity and more deaths.

SB 6088 is also a price-control bill that relies on a faulty premise, the wholesale acquisition cost, which is essentially the list price, to determine if a drug's price is affordable and should be investigated. It is a fishing expedition that gives the Prescription Drug Affordability Board extensive discretion on obtaining and utilizing proprietary information to determine an "appropriate" drug price. If this information is disclosed, it could be damaging to negotiations among drug manufacturers, insurers, pharmacy benefit managers, and druggists. A 2015 Federal Trade Commission paper, "Price transparency or TMI?," pointed out that "transparency is not universally good. When it goes too far, it can actually harm competition and consumers ... 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."

SB 6110 simply adopts Canada's price-control schemes. There is a reason Canada, and other countries, produce few innovative drugs as they utilize price controls and rely on the United States and its citizens to pay for the biopharmaceutical research and development.

Counterfeit imported products are on the rise. Pharmaceuticals seizures alone increased by 130 percent from 2017 to 2018. Washington will have to create a costly, new bureaucracy that will be responsible for robust safety compliance and complex tracking programs. The state will need to make sure unscrupulous characters do not take advantage of the program, create fake websites, and produce counterfeit and potentially deadly drugs to sell to your citizens.

The legislation assumes that Canada, with a population of 37.4 million, will export its drugs to states like Washington, with a population of 7.5 million, and Florida, with a population of 21.5 million, which passed a similar law in 2019. U.S. pharmaceutical manufacturers are unlikely to ship more drugs than a Canadian province needs for its population so that they can be shipped back to the United States.

CCAGW understands your concern over pharmaceutical prices, but price controls, rationing, and bypassing the nation's safe, albeit closed, pharmaceutical distribution system will not be beneficial to patients or taxpayers. We ask the Washington legislature to join us in calling for a free-market approach in lowering drug costs. This includes faster Food and Drug Administration generic drug approvals, encouraging more "me-too" drugs, which provide competition among innovative drugs still under patent, and asking the Trump administration and Congress to write and pass better trade deals that protects biopharmaceutical intellectual property and requires our trading partners to contribute to U.S.-funded biomedical research and development.

We again urge you to oppose SB 6088 and SB 6110.

Sincerely,

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

cc: Leader Mark Schoesler