FACT-CHECKING PHARMA

Right now, the pharmaceutical industry is bankrolling ad campaigns against reforms that would lower drug prices, particularly opposing repeal of the "non-interference clause" and direct Medicare negotiation. These ads are from PhRMA itself, Medicare Today, the Pharmaceutical Industry Labor-Management Association, the American Conservative Union, and other industry-allied groups. Trackable spending on these ads appears to total more than $18 million this year. The ads are full of demonstrably misleading claims designed to frighten patients and thwart reforms. **Here's why these claims are false:**

PHARMA CLAIM: Congress **wants to repeal a provision** in Medicare that protects access to medicines.

THE FACTS: These ads reference Part D's non-interference clause, which has nothing to do with determining which drugs patients can access under Medicare. The non-interference clause explicitly prohibits the Secretary of Health and Human Services from negotiating lower drug prices for patients and taxpayers.[1] In fact, it is the high drug prices patients face due to the Secretary's inability to negotiate that currently limit access to drugs patients need.

PHARMA CLAIM: Medicare negotiation proposals would **enable** **bureaucrats** to decide what drugs Medicare beneficiaries get.

THE FACTS: There are no congressional proposals that suggest implementing a government-imposed national formulary or changing Part D's **long-standing policy** of covering every drug in six protected classes, drugs for all conditions, and at least two medications in each drug class. Drug price negotiation bills simply aim to achieve affordable prices for taxpayers and patients. Moreover, Medicare already has tools to determine coverage for certain drugs. Right now, for example, Medicare is working on a national coverage determination for the Alzheimer's drug Aduhelm. None of the proposed legislation would change this.

[1] The noninterference clause (**42 U.S. Code § 1395w-111**), which says "the Secretary "*may not interfere with the negotiations between drug manufacturers and pharmacies and prescription drug plan sponsors,"* was inserted into the Medicare Modernization Act after **intense** lobbying by the pharma industry and its allies.

PHARMA CLAIM: Negotiation would reduce access and "make it harder for people on Medicare to get the medications (they) need."

THE FACTS: The biggest barrier to patient access is high prices. Right now, 1 in 3 adults do not take medication as prescribed due to cost. Without reform, more than 1.1 million Medicare patients could die over the next decade because they cannot afford to pay for their prescription medications. According to expert analyses, lower drug prices achieved by negotiation would increase access and improve health — resulting in less money spent on medical visits and hospitalizations.

PHARMA CLAIM: Medicare negotiation would stifle research and development.

THE FACTS: Reforms like Medicare negotiation would reward clinically meaningful drugs with prices that stimulate innovation — not thwart it. If drug companies can block competition and raise prices at will on old drugs to drive profits and trigger executive bonuses, they have far less incentive to take risk and invest in R&D to find innovative new drugs that could command high prices and save lives. If Medicare makes clear it wants to pay the best prices for the best drugs, negotiation will stimulate innovation as companies pursue those prices.

PHARMA CLAIM: Medicare negotiation would import "European-style price controls."

THE FACTS: Negotiation is a core tenet of a free market, not "European-style price controls." The government negotiates for everything it buys, from aircraft carriers to copy paper. The federal government also negotiates physician, hospital, lab, and durable medical equipment prices. The pharmaceutical industry is the only health care sector exempt from negotiation with Medicare, meaning it has the ability to dictate prices to the government. The proposal for negotiation would simply end special treatment and is a far cry from "European-style price controls."

PHARMA CLAIM: Policy proposals like H.R. 3 would eliminate jobs in the biomedical sector.

THE FACTS: The pharmaceutical industry is in no danger of being in financial jeopardy. Large, brand-name drug corporations could lose $1 trillion in sales over a decade and still be the most profitable industry. The Congressional Budget Office analyzed the impact on drug development that could result from a large decrease in pharmaceutical industry revenue — as much as $1 trillion over 10 years — that may result from H.R. 3. They found that even this sizable reduction in revenue would have only a modest impact — reducing the number of drugs coming to market by approximately 2-5% over a decade. Given that we are only talking about 2-5% fewer drugs, drug corporations' claims of widespread job loss are far-fetched. Moreover, legislation that increases government spending on R&D through the National Institutes of Health can help to fuel more drug development and job opportunities in the private sector.