Impact of International Pricing Index on Innovation and Patients

International Pricing Index means setting prices for innovative medicines in the U.S based on the prices foreign countries with different health care systems pay for those medicines. Importing price controls would threaten the development of new treatments and cures and jeopardize patient access to medicines.

The U.S. leads the world in innovation

Price Controls destroy innovation
Importing foreign price controls into Medicare Part D would cause⁴:

- 56 percent reduction in industry revenue, significantly reducing the investment capital available for partnerships and licensing agreements with small biotechnology companies
- 90 percent reduction in new medicines developed by small U.S. biotech companies
- Nearly a million indirect biopharmaceutical job losses
- Steep decline in research and development in oncology, neurology, pulmonology, and rheumatology

If price controls had been in place from over the last 10 years, small California biotechnology companies would have brought just 2 new medicines to market, instead of 16.⁴

Price controls hurt patient access to innovative medicines

- Only 1/10,000 of chemical compounds make it from the lab to market
- Less than 10% of all public U.S. life science companies are profitable

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³H.R.3 – Medicare D Reference Pricing; Calculating the impact of International Reference Pricing on Medicare Part D innovation, as well as the ecosystem impacts on the US and California’s biopharmaceutical sector, Vital Transformation, LLC, 2021
⁴PhRMA.org/setting-the-record-straight-on-international-reference-pricing