Who's Protecting the Patients? Senate has it backwards with Gregg/Schumer Amendment

Contributed by Jason Wright
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(FAIRFAX, Va) - Today Frontiers of Freedom Vice President of Policy, Kerri Houston, responded to the recent vote on the Greater Access to Affordable Pharmaceuticals amendment to the Medicare act, sponsored by Senators Gregg (R-NH) and Schumer (D-NY) and passed in the Senate last week.
For Immediate Release

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Frontiers' policy experts have expressed concern that although Gregg/Schumer is intended to reduce healthcare costs for Americans by allowing generic drug companies to more easily produce drugs developed by other firms, it may the affect of slowing the development of new and more effective breakthrough medications, while potentially weakening patent protection for U.S. companies.

"Drug expenditures are rising as a percentage of healthcare spending due to increased medication use by patients," states Houston.

"Although pharmaceuticals still only account for nine cents out of every healthcare dollar spent, drug utilization is on the rise. Emerging medications for treating cancer, heart disease, Alzheimer's, as well as new maintenance drugs and emergency room "crisis medications" are decreasing the number of invasive procedures, preventing the advancement of existing disease and shortening or even eliminating the need for hospital stays. These factors contribute both to patient well-being and savings within our healthcare system."

Houston continues, "It is enormously expensive to develop these important new drugs, and America's patients rely heavily on pharmaceutical research companies to continue with the more than $30B per year they spend on the R & D process." It takes between 10 - 15 years and over $800M to bring a new drug to market. But rather than reduce burdensome regulations on pharmaceutical companies, the U.S. Senate last week voted to include a measure in the Medicare bill that would make it harder for companies to recoup those expenses."

This new legislation would also allow foreign companies to reproduce and sell generic drugs for which American companies hold patents, while sparing them the expense that American companies incur for research, development and FDA approval.

"Anybody can copy a pill," concludes Houston, "but restricting the time innovative drug companies have to recoup R&D costs is more than bad economic and health policy. It's just plain nuts."

"This amendment needs to be yanked out of the final conference bill. America's patients should continue to encourage research and development in new drugs, not kick innovators in the metaphorical shin."

The Gregg/Schumer bill would reform the 1984 Hatch-Waxman Act, designed to level the playing field between pharmaceutical innovators and generic copycats. This Act has successfully allowed research companies to proceed with drug development while maintaining intellectual property protection, as well as helping generic companies to increase

their market share from 20% at the time of the bill's passage to a current high of 50%.

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