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A Trump Presidency: Would It Make The Rx Industry Great Again?

by M. Nielsen Hobbs

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Among the most noteworthy aspect of Donald Trump's presidential campaign is how an outsized figure could be so underrated by so many. Given that, it probably makes sense for the Rx industry to start preparing for the possibility of a Trump presidency even before the first nominating contest begins.

Before Trump formally announced his bid, many people thought he wouldn't actually run. Speaking about his appearance alongside many declared candidates at an Iowa forum in January 2015, comedian John Stewart said, "It can't get more entertaining and less electable than Trump."

But after the real estate mogul and reality TV star formally entered the race in June, no one was laughing. Trump's announcement speech was widely criticized for its comments about Mexican immigrants, but he shot to the top of the polls. Only recently has neurosurgeon Ben Carson nudged him out in some of the rankings, but Trump's standing remains solid, especially impressive for a campaign without a real field operation and whose major expenses, until a radio ad in November, had included hats and T-shirts.

So for pharma companies then, it's fair to ask the question of what unique challenges Trump

might present to industry if he ends up taking up residency in the White House. It's probably the most destabilizing scenario for drugs firms of the potential election outcomes – and not just because of Trump's personality.

If a Democrat wins the 2016 presidential election, pharma companies should expect more of the status quo. The House will definitely stay in Republican hands and the Senate almost certainly will. That means that significant legislative reform would be off the table, and must-pass bills like renewal of FDA user fee programs would be tempered lest they risk becoming stuck in partisan battlefields.

That would leave a Democratic president with administrative avenues to pursue policy reforms, and though any changes at FDA and CMS will be meaningful to industry, those dials can only be turned so far, even in the unlikely events that the more left-leaning Bernie Sanders wins the nomination and then the general election.

Repealing Obamacare Isn't Necessarily What Pharma Wants

If a Republican is elected president, however, things get more interesting. And to paraphrase John Stewart, it can't get more interesting than Trump. Republican control of both legislative chambers and the White House provides not just a mandate, but an avenue for larger healthcare reforms, even without a 60-vote super majority in the Senate.

Mandates aren't guarantees of change, of course. George W. Bush won reelection in 2004 after campaigning for Social Security reform. Nothing ever passed, despite solid Republican majorities in the House and Senate.

The biggest perceived mandate a Republican-dominated federal government would have in 2017 would be repealing the Affordable Care Act and replacing it with a different set of health insurance reforms. What the new structure might look like isn't entirely clear; neither Trump nor his competitors for the nomination have fleshed out their plans for a post-Obamacare landscape, and plans are, of course, subject to change.

Repealing Obamacare isn't necessarily what pharmaceutical companies want. Industry brought chips to the table when the law was being drafted in 2009 and achieved a complete tactical victory, including phase-out of the Medicare Part D donut hole. In contrast, the broad outlines of establishment Republican policy proposals tend to run towards scaling back regulations on insurance companies and moving towards vouchers for Medicare and Medicaid to boost competition.

Pharma firms, in all honesty, would probably prefer *more* regulation of insurers when it comes to formulary inclusion and copays. And while government health programs have meaningful pitfalls

for industry, reimbursement from Medicare and Medicaid is in many ways more predictable than from private payers. That doesn't mean that an American healthcare landscape with beefed up private insurance plans would be bad for pharma, but the prospect of that kind of change could cause gyrations in the stock market and fretfulness in lobbyists. There aren't even any products in the pipeline that can treat those conditions.

Trump, of course, isn't in the Republican mainstream, and those policies may not resemble what his proposals end up being. But the tax plan that he detailed is much closer to traditional Republican precepts than his stump speeches have been, so any healthcare reform proposals might be as well.

Trump distinguishes himself from other presidential candidates not just with platform differences, but with the force of his personality. And that could be a problem for pharma if the industry attracts public ire as it has with the recent pricing controversies. He's called Turing's CEO a "spoiled brat" and emphasized that his superior negotiating skills could resolve whatever healthcare policy dilemmas might arise.

In general, Trump's nativist, populist campaign would seem a bad fit for a global, highly profitable industry.

Could Pharma Go Back To Its Primary Care Salad Days?

But what if firms could stop worrying and learn to love Trump's rhetoric? What if pharma believed that it could be "great again," as Trump says that he will make America. Like all political slogans, Trump's message is inspiring, not specific; it's not entirely clear when America stopped being great or what's been lost since the end of greatness. And for groups in society that feel like their standing has never been better, the slogan could even be worrisome.

Nevertheless, imagine if Trump could make the pharmaceutical industry great again. It would probably be a return to the primary care salad days, when herds of sales reps roamed the land and prescriptions ran like mighty rivers.

Price complaints have always dogged pharmaceuticals, and likely always will until money ceases to be a medium of exchange (or pharmaceuticals cease to exist; whichever comes first). But many of the regulatory and social critiques that big pharma firms faced during the height of their prowess in the '90s and the '00s revolved around worries stemming from too many people taking their products – and those were good problems to have.

From the REMS drug safety initiative designed to ensure only the right people got a script, to complaints that direct-to-consumer advertising was leading people to ask their doctor if something they had never heard of was right for them, many of the policy fights of that era

focused on efforts to cap demand, not cap prices. And wouldn't it be nice to go back to a time when drug shortages really were driven by excess demand?

Restoring the pharmaceutical industry to mass market glory isn't a Trump campaign plank, but if it were, the official spokes-product might be AstraZeneca PLC's proton pump inhibitor *Nexium* (esomeprazole).

It's a great example of what made pharma so fearsome back in the day and the product even resembles The Donald's appearance: those gold bands on the pills resemble Trump's golden mane, or maybe just the gold-plated belt buckles on his private jet.

One could even imagine Trump promoting Nexium: "A very classy product. The best. HUGE seller."

And much like the feelings that Trump has inspired in the Republican establishment and many media observers, Nexium was a product that only its patients loved. Nearly everyone else thought it didn't deserve to be there, that it didn't really earn its prescriptions.

A blockbuster enantiomer to the blockbuster *Prilosec*, Nexium wasn't a profound advancement in the treatment of gastroesophageal reflux disease, but it eliminates the cost and expense of surgery, and the label even has some comparative data to other drugs. How many products can say that?

Sadly, Nexium is now reduced to suing generic rivals over who has the right to produce pills that are purple. Nothing innovative about that. But in this fight, one can see parallels to the motivations of a Trump voter – I worked really hard to get where I am, and now I feel like people are trying to take it away from me.

How Trump's candidacy moves forward depends to a large degree on how deeply that kind of message resonates. How the pharmaceutical industry moves forward depends on how little that message is needed.