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President Trump And Drug Pricing: What To Expect

by Cathy Kelly

US President-elect Donald Trump is expected to work closely with congressional leadership on health care issues, potentially including drug pricing, but uncertainty is always the watchword with Trump.

While many were tallying final vote counts, Donald Trump announced at approximately 3:00 a.m. US East Coast time that he received a concession call from Hillary Clinton. As president, Donald Trump is expected to work closely with Republicans in the House and Senate on health care issues and that may include some measures to address drug pricing, given the public support for action in that area.

“In a Trump world, most people who do any kind of analysis conclude he’d most likely be relatively deferential to Republican leadership” in Congress on health care, Democratic policy strategist Chris Jennings told a recent health care conference at the US Chamber of Commerce.

For example, Trump is widely expected to pursue legislation to repeal the Affordable Care Act that follows the path taken by House Speaker Paul Ryan, R-Wisc. and other Republicans, last December, using the budget reconciliation process.

Trump has not articulated a clear plan for addressing drug pricing, which creates a lot of uncertainty about what his administration would do on this or any other Rx policy matter. At different points in his campaign, he mentioned drug importation as a way to address high drug costs and signaled support for allowing HHS to negotiate drug prices in the Medicare Part D program.

Those proposals are unpopular with Republicans in Congress and it’s seems unlikely that Trump will try to push them through. But there may be other measures he’ll pursue.

There is bipartisan interest in doing something about drug pricing – both chambers of Congress

have held hearings on the issue – because constituents are worried about it. “Clearly this is an issue that’s on the table, that constituents care about,” Manatt Health Solutions Senior Advisor Ian Spatz commented during a panel on the election at the BioPharma Congress Nov. 4.

“The *EpiPen* thing really pushed it over the limit,” he pointed out, referring to the public uproar over significant price increases for [Mylan Pharmaceuticals Inc.](#)’s emergency allergy treatment. (Also see “[Scrutiny Of EpiPen Pricing Invited By Mylan Lobbying, Congressman Says](#)” - Pink Sheet, 21 Sep, 2016.)

The fact that California’s Prop 61 ballot initiative was hotly contested despite appearing to go down to defeat as of press time also demonstrates the extent of the public’s concern with high drug prices. Prop 61 would have given state agencies in California the ability to purchase drugs at the same discounted rate as the Department of Veterans Affairs. (Also see “[Calif. Prop 61 Raises Industry Concerns Over Ripple Effect](#)” - Pink Sheet, 2 Nov, 2016.)

The message that needs to be emphasized by industry now is that drug pricing policies cannot ignore a consideration of pharmaceutical innovation, Bay City Capital’s Beier said.

But as yet there is not strong consensus around a specific approach, which offers an opening for the biopharma industry to influence the direction of any policies that advance.

“That’s where the opportunity is,” Spatz pointed out, “for industry to work with others to try and develop ideas, so there’s something out there that people can coalesce around that industry can live with – maybe doesn’t want to live with – but can live with. That’s the possibility.”

Spatz added that “my concern is what I call the ‘RBI,’ the random bad idea. The perfect example of this is drug importation, a terrible idea. But if there’s a must-pass [legislative] vehicle ... even user fees, and it gets late at night in the Senate, things get crazy there. Someone comes down the floor of the Senate with these random bad ideas and there are a couple of Republicans that think it’s a good idea ... and some Democrats support the amendment. Suddenly it’s there and it starts moving through. ... I think that’s the biggest danger.”

Republicans are supportive of measures to enhance innovation, which offers opportunities for biopharma to push policies that could enhance the productivity of research and development.

The message that needs to be emphasized by industry now is that drug pricing policies cannot ignore a consideration of pharmaceutical innovation, David Beier, managing director at Bay City Capital, told the BioPharma Congress.

“There’s been a lot of focus on drug pricing. But I don’t think that’s the most important issue facing the country,” he said. “The most important issue is how do you get medicines to patients, which has to start with [research and development].”

“Right now that [R&D] continuum is broken. It’s broken at NIH. It’s broken between academia and the commercial sector. And R&D productivity in big companies is terrible. Something has to be done and that’s a finance question and a strategy question. ... It matters if there’s a new cure for untreatable cancer or for Alzheimer’s disease. And if we focus only on drug pricing, then I think we’re making a big mistake and Congress is making a big mistake.”

Repealing The ACA

Policy experts disagree about whether Trump will succeed in passing legislation to repeal the ACA.

“My own prediction is that it would be a terrible idea and it would fail when push came to shove,” because there is not enough of a plan to replace the coverage currently provided to millions of individuals, American Enterprise Institute fellow James Capretta said at the US Chamber of Commerce conference.

“However, that doesn’t mean they won’t try. It would be the path of least resistance because it would mean they wouldn’t have to come up with anything to replace it, which needs a longer time frame,” he added.

Jennings suggested that Trump may push for a repeal but make the process more gradual, recognizing “the substantial disruption that would result as millions of people who have coverage would no longer have coverage. ... I think hearing that, there would be some process by which he’d try to do it over a number of years,” Jennings said.