

August 11, 2020

AMERICANS
for TAX REFORM



AMERICAN COMMITMENT



AMERICANS FOR
PROSPERITY



LIMITED GOVERNMENT • FREE MARKETS • FEDERALISM



The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump:

On behalf of the undersigned federal and state-based organizations, we write to express our grave concerns with the “most favored nation” (MFN) executive order to impose foreign price controls on American medicines.

This proposal will impose an “International Pricing Index” on drugs in Medicare Part B, tying the U.S. prices for these medicines to the prices in foreign countries, most of which have government-set prices established in socialized medicine systems.

Adopting these price controls will slow medical innovation, threaten American jobs, and undermine criticism of single-payer systems. In addition, a United States embrace of price controls will make it immeasurably more difficult to get foreign countries to pay their own way in the development of new medicines.

Your administration has repeatedly stood strong against a government-takeover of healthcare. In fact, in your 2020 State of the Union Address, you promised that “we will never let socialism destroy American health care.”

We applaud your strong stance – socialized healthcare policies proposed by some leading presidential candidates would require trillions of dollars in tax increases, would destroy medical progress, and would end healthcare plans used by 180 million Americans.

Unfortunately, an MFN policy would adopt the same socialist healthcare policies that you have promised to fight against.

Not only does this undermine the broader effort to fight against the government takeover of health care, it will also have disastrous consequences to the economy and healthcare system.

The U.S. is the best in the world when it comes to developing innovative, lifesaving and life preserving medicines. Because of this, the U.S. is leading the way when it comes to developing COVID-19 vaccines, with several promising candidates entering the final stages of testing and clinical trials.

In contrast, foreign countries have been free riding off this American medical innovation for decades through crushing price controls and other market-distorting government rules and regulations.



Adopting foreign price controls will result in the same negative outcomes to our healthcare system as those overseas—less medical innovation leading to fewer cures and healthcare shortages for American patients.



Adopting price controls through an MFN will also harm the U.S. economy because of a decline in American research and development. Medical innovation directly or indirectly supports 4 million jobs and \$1.1 trillion in total economic impact, which will be threatened by importing price controls.



An MFN does nothing to fight foreign free riding of American innovation. Although supporters of MFN have claimed the concept will incentivize manufacturers to negotiate better deals, this theory is based on the flawed assumption that American manufacturers were not fighting as hard as they could against foreign price controls in past years. In addition, an American adoption of these same policies renders any future criticism of them incredibly challenging.



Moving forward, we need policies that further encourage American innovation through tax and trade policies, such as renegotiated trade deals, a competitive business tax system and a more competitive environment.



As President, you have championed vital changes in tax and regulatory policies that have allowed free market innovation to flourish. We believe a market-based approach like those that your administration has consistently supported in other policy areas will lead to economic growth and promising new treatments but adopting price controls through the MFN plan would undermine rather than build on those successes. In short, if the MFN executive order is implemented it will have disastrous consequences for both American healthcare and the American economy.

Sincerely,

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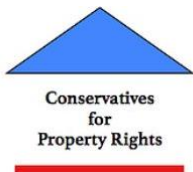
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