

# MICHBIO OPPOSES DRUG PRICE CONTROL BILLS THAT WOULD PUT MICHIGAN PATIENTS, INNOVATION AND JOBS AT RISK

ANN ARBOR, MI, UNITED STATES, September 26, 2023 /EINPresswire.com/ -- The Michigan Biosciences Industry Association (MichBio) strongly opposes SB 483, SB 484 and SB 485, currently being considered by the Michigan Senate.



The proposed legislation would effectively set price controls on drugs, which jeopardizes the statewide life sciences industry, while not increasing affordability or access to medications.”

*Stephen Rapundalo, PhD,  
President and CEO of MichBio*

“The proposed legislation, if enacted, would effectively set price controls on drugs,” says Dr. Stephen Rapundalo, President and CEO of MichBio, “which jeopardizes the statewide life sciences industry, while not increasing affordability or access to medications for patients.”

Michigan Senate lawmakers are rushing to establish a new state board – a so-called Prescription Drug Affordability Board (PDAB) - that would restrict how much pharmaceutical companies can charge for certain drugs by setting an “upper price limit”. According to PDAB supporters, it will lower out-of-pocket costs for Michigan

patients struggling to afford their medicines.

“Unfortunately, the bill’s simplistic and wishful approach doesn't address the real drivers of higher costs for patients at the pharmacy counter. Worse, the bill will almost certainly undermine work on the next generation of medicines, jeopardizing the health of future patients,” continues Rapundalo.

There's no doubt that too many Michiganders struggle to afford prescription drugs -- and that this situation poses a serious threat to public health.

By dictating what drug companies can charge for their medicines, the thinking goes, PDAB can save patients money, and make it easier for them to keep up with their medicines. Proponents believe that pharmaceutical firms bear the lion's share of the blame for the cost of medications to patients - but that line of reasoning is mistaken. Drug companies don't determine what patients pay out-of-pocket for medicines. For Michiganders with health coverage, insurance companies make those cost-sharing decisions and the out-of-pocket costs paid by patients have

little relation to the prices charged by drug firms.

Additionally, enacting this legislation would have a chilling effect on pharmaceutical innovation. For biotech investments to remain worthwhile, companies must have some confidence that successful medicines might one day generate a return. Without the freedom to charge market prices for medicines controlled by a PDAB, there is little chance of recouping the upfront costs required for development.

“If a state board can cap the price of new medications, the work of developing them will become unacceptably risky. Investment from venture capital, corporate sources, or through mergers and acquisitions, in breakthrough cures and treatments will dry up. That's what makes a body like PDAB so troubling,” adds Rapundalo.

Just as Michigan policymakers contemplate measures to bolster technology research and development activities, they also contemplate this opposing legislation - the setting of price controls via a PDAB - which would greatly dampen any economic development benefits generated through other efforts. “One cannot simply expect to enhance commercialization while demonizing pharmaceutical and biotech companies, and placing barriers to their expansion, retention and recruitment,” says Rapundalo, “these are opposing ideas and thinking otherwise equates to be dangerously uninformed.”

Evidence of such reductions exists in every country that has implemented such price control policies. Those countries have seen an inevitable decline in R&D investment and a drastic reduction, even to the point of elimination, of their innovation ecosystems. “The thought of that happening to Michigan’s life sciences cluster and long legacy in pharmaceuticals research and manufacturing is most disconcerting. But some legislators don’t seem to care or understand what this would mean in terms of losing high-paying jobs and negative economic impact”, says Rapundalo.

Moreover, patients in those regions, and others with price controls, have less access to new medicines. Numerous studies have demonstrated that new drugs are immediately more available to American patients, as compared to countries with price controls, where patient access can be delayed up to two years, assuming they gain market entry in the first place. The enactment of price controls would have the unfortunate effect of keeping lifesaving treatments from ever reaching the patients who need them the most.

“If lawmakers were serious about lowering patient drug costs, they'd focus their energies on the insurance industry and the tactics these companies employ to keep out-of-pocket drug costs artificially high. Reform of benefits design, among other approaches, would be more effective at lowering expenses for patients at the pharmacy counter than controlling the price set by manufacturer, but the new bills under consideration let insurers off the hook,” adds Rapundalo.

He continues, “Worse, proponents are fast-tracking the Senate bills with little due diligence and

broad stakeholder input – so much for a transparent and inclusive process to tackle patient out-of-pocket costs. It's shameful politics at its worst."

Michigan's leaders are right that prescription drug costs are unreasonably expensive for an alarming number of state residents. And reforms that can save patients money can't come soon enough. But imposing price controls on pharmaceutical companies is the wrong way. In addition, it's disingenuous to patients to put forward legislation that won't do what it's intended.

The PDAB proposal ignores the real cause of the drug affordability crisis, and it does so in a way that would shut down valuable research into medicines that many patients are counting on, especially for rare diseases.

MichBio strongly backs well-reasoned proposals that foster innovation and improve patient access. Michigan lawmakers should support policies that ensure Michigan's role as a hub for biopharmaceutical research and development, and that ensure patients have access to the right treatment at the right time.

Learn more about MichBio at [Michbio.org](https://www.michbio.org).

Stephen Rapundalo

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