



## PRESS RELEASE

### **New Study Projects Devastating Losses to Drug Development, Jobs and Patient Health in Biopharma Ecosystem**

***Proposed Government-Mandated Drug Pricing Policies in the White House’s Budget and Senate SMART Prices Act Amount to 237 Fewer FDA Approvals and Up To 1.1M Lost Jobs Over the Next 10 Years***

**FOR IMMEDIATE RELEASE**

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**Washington, DC** – A new study estimates that there would be 237 fewer FDA approvals of new medicines for patients battling cancer, neurological, and rare and infectious diseases over the next decade as well as 1.1 million lost jobs if proposals to expand government-mandated drug pricing policies are implemented. Among the proposals under consideration is allowing Medicare to set prices for specific drugs five years after FDA approval, which would lead to significant lost therapies, innovation and jobs in the biopharma ecosystem at an even more accelerated pace. These proposals are included in the White House’s FY 2024 budget as well as the Senate’s SMART Prices Act.

Research firm Vital Transformation modeled the impacts of expanded government-mandated drug pricing policies at five years following FDA approval. The study analyzed the reduction of new drug approvals and loss of jobs if these policies or others similar to them were enacted into law.

“At a time when the biopharmaceutical industry is just beginning to experience the negative impacts of the Inflation Reduction Act’s government-mandated drug pricing policy, any new proposal only adds fuel to the fire and reinforces a deeply misguided and flawed approach,” said Tom Kowalski, national co-chair of We Work For Health. “This latest study demonstrates just how bad the damage could be should these plans be implemented.”

### Key Study Highlights:

The study found that, if proposed expansions of government-mandated drug pricing policies are implemented, there are serious consequences around the development of and investment in new medicines, and significant job losses in major innovation hubs across a number of states.

- **Lost Therapies:** More than 80 currently available therapies of 121 identified for price setting – approximately 70% – would likely not have been developed had the pricing provisions been in place prior to their development.
- **Lost Innovation:** There would be 237 fewer FDA approvals of new medicines or new uses over a 10-year period. Impacts of the proposed policies will be felt most heavily in many areas of unmet need, particularly in oncology, neurology, and rare and infectious diseases.
- **Lost Jobs & Investment:** This would result in a loss of 146,000-223,000 direct biopharmaceutical industry jobs and a total loss of 730,000-1,100,000 U.S. jobs across the economy. There would be loss of ecosystem investments into 50 different therapeutic indications, concentrated primarily in California, Massachusetts and New York.

“Our model indicates these proposals would substantially reduce the biopharma industry’s R&D investment needed to pursue new drug discovery and development,” said Vital Transformation CEO Duane Schulthess. “We found that the biggest revenue losses would be among firms who develop the most innovative, successful therapies, the revenue from which funds an outsized amount of innovation in the U.S. biopharma ecosystem.”

Kowalski added: “It’s evident that these proposals would have a significant chilling effect on the development of life-saving medicines and on the researchers and scientists who help develop these critical medications. Further, they do nothing to address the real drivers of high out-of-pocket drug costs, including pharmacy benefit managers and insurer practices. The American people deserve more, and we need to protect our innovative biopharmaceutical ecosystem.”

Specifically, We Work For Health is hopeful that Congress will preserve incentives for small molecule research. Under the IRA, biologics have a 13-year period before the government can intervene and mandate drug prices, but small molecule drugs are limited to nine years prior to negotiation. This discrepancy will lead to a reduction in investment in small molecule drugs.

It’s critical that Congress takes into account the existing unintended consequences of the IRA – and to ensure similar policies are not supported before the consequences of the current law can be fully understood and corrected.

Earlier this month, Vital Transformation and the Biotechnology Innovation Organization (BIO) issued a [separate study](#) showing that patients could lose access to at least 40% of new medicines that wouldn’t be developed as a result of government-mandated drug pricing policies contained in



the Inflation Reduction Act. This equates to as many as 139 therapies not being developed over the next 10 years.

The new study being issued today by We Work For Health and Vital Transformation modeled the impacts on industry revenues, jobs and future research and development investments. The analysis was performed by Vital Transformation's consulting economist Dr. Harry Bowen, research partner Dr. Daniel Gassull and CEO Duane Schulthess. For the full study, please visit [Vital Transformation](#) or [We Work For Health](#).

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### **About We Work For Health**

Since 2007, We Work For Health (WWFH) has been bringing together national and local business leaders, labor, biopharma, patient advocacy and other healthcare-related stakeholders. WWFH is dedicated to promoting policies and initiatives that not only foster innovation and facilitate the delivery of lifesaving or life-enhancing medicines, but also value both the workforce and significant contributions of the biopharmaceutical sector to economies at the national, state and local levels.

### **About Vital Transformation**

Vital Transformation understands the implications of new medical procedures, technologies, and policies. We measure their impact on current clinical practices in close collaboration with health care professionals, researchers, and regulators. Through our web platform, client network, and [Vital Health Podcast](#) series, we are able to communicate our findings with international decision makers and stakeholders.