



## PRESS RELEASE

# New Study Reinforces That Expansion of IRA Price Setting Would Further Crush Patient Health, Innovative Treatments and U.S. Biopharma Jobs

*The Latest Plan from Some House Democrats to Expand Government Drug Price Controls Will Lead to Further Declines in New Treatments for Patients – Particularly Seniors*

**FOR IMMEDIATE RELEASE**

**January 18, 2024**

Washington, D.C. - Further expansion of the Inflation Reduction Act's (IRA) government-mandated drug pricing policies would translate to a loss of 1.2 million U.S. jobs over the next decade and threaten billions in medical research funding for treatments in many areas of unmet need, according to a new study published today. Since 2021, venture capital investments in biopharma have dropped by 50% and IPOs for biopharma firms by 70% – with an outsized impact on investments targeting cancer treatments. A new study from research firm Vital Transformation warns of further decline in new treatments for patients – particularly seniors – if lawmakers act on plans to expand government price controls.

One proposal by some House Democrats would impose price setting for up to 50 selected Medicare drugs starting in 2029 and expand those negotiated prices to the commercial market. According to the analysis, four out of 10 price-controlled drugs – treatments Americans rely on every day – would likely never have come to market had these proposed policies been in effect during their development. What's more, these policies would have a disproportionate impact on future seniors, specifically today's 50+-year-olds who won't have the therapies they need when they become Medicare-eligible because the drugs won't start in development now.

“While the effects and unintended consequences of the IRA were only beginning to be fully realized, some in Congress put forward proposals that double down on a bad idea. While the stated goal of reducing costs for patients is one we can all agree on, this research demonstrates that policies like

these will only hurt the very people – seniors – they are purportedly intended to help,” said We Work For Health Executive Director Dan Leonard. “Further, this insightful research shows just how harrowing the consequences of government-mandated price setting will be for patients and workers across America who rely on the biopharmaceutical industry to pursue groundbreaking discoveries and uphold major economic footprints. Congress needs to focus its attentions on reviewing the impacts of policies already passed into law and looking for opportunities to improve patient access.”

### Key Findings:

If the House-proposed bill is implemented, the study found that expanded drug pricing policies escalate the emerging consequences of the IRA and pose a significant threat to sick patients and American workers.

- On average, nearly **50% of new medicines would never come to market** under the proposed mandates, especially treatments for aging Americans and in areas of unmet need – cancer, brain and spinal cord conditions, and rare and infectious diseases.
- If lawmakers expand government-mandated price control policies, the study projects **another \$55 billion in lost partnership investments** for the most impacted firms on top of the current drops in investments since the introduction of the IRA. This includes a **50% decrease in venture capital investments in biopharma** and **70% decrease in IPOs for biopharma firms** – with an outsized impact on investments targeting cancer treatments, when investigating non-institutional investments under \$2 billion.
- The research shows an estimated **loss of up to 216,000 direct life science jobs**. Amid mass layoffs and rising unemployment, these policies could **cost the nation more than 1 million U.S. biopharmaceutical industry jobs**.
- Workers and local economies in hubs of scientific innovation – **California, Massachusetts, and New York – would be hardest hit**.

“We focused on the new drug pipeline developments in small molecule and biological products, as well as the bill’s impact on the U.S. biopharma ecosystem, writ large,” Duane Schulthess, CEO from Vital Transformation, said. “The data speaks for itself about the impact extensive price controls have and will have on millions of American patients and workers.”

We Work For Health supports policies and initiatives that promote biopharmaceutical jobs and innovation and support the delivery of lifesaving and life-enhancing treatments.

We Work For Health calls on Congress and policymakers to recognize the serious harms of the IRA and its proposed methods of expansion and to prioritize patient-focused legislation that preserves the country’s leading research and development competition.

“Many of these statistics are staggering and should serve as a warning for those in power to not overstep in this delicate ecosystem,” WWFH’s Leonard said. “We must continue to advocate for policy

changes that prioritize the research and development of treatments for the benefit of all patients in need.”

The new study issued today by We Work For Health and Vital Transformation modeled the impacts of the drug pricing provisions of the IRA with the expansions proposed by some House Democrats, which would impose government price setting for up to 50 selected Medicare drugs starting in 2029 and expand those negotiated prices to the commercial market. Vital Transformation CEO Duane Schulthess and research partners Daniel Gassull and Gwen O’Loughlin performed this analysis.

For the full study please visit [Vital Transformation](#) or [We Work For Health](#).

MEDIA INQUIRIES: [media@weworkforhealth.org](mailto:media@weworkforhealth.org)

---

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

We Work For Health brings together national and local business leaders, and labor, biopharma, patient advocacy and other healthcare-related stakeholders to support policies and initiatives that foster innovation and facilitate the delivery of lifesaving and life-enhancing medicines. As the bedrock of innovative jobs in the U.S. today, the life sciences sector supports more than 4.4 million American employees. Advancing and protecting these jobs is critical for those employees, the economies they support and the patients they serve.

### **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.