



Drug Pricing Sets Up First Trump vs. Old Guard GOP Test

Big Pharma has given \$15 million to Republicans, launches new ad campaign

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Fearing what President Donald Trump has in mind to bring down the cost of prescription drugs, the U.S. pharmaceutical lobby has launched a major advertising campaign to bolster its public image.

The Pharmaceutical Research and Manufacturers of America (PhRMA) kicked off its “Go Boldly” ad campaign on Monday, wasting no time to try and influence Congress as a new president signed his first executive orders on Monday.

PhRMA CEO Stephen J. Ubl is trying to boost the less-praised features of the industry — the research sector, which invented scores of live-improving drugs.

“Thanks to the tireless work of biopharmaceutical researchers and scientists, we have entered a new era of medicine that is transforming the way we prevent and treat disease,” Ubl said in a statement.

But that argument has only gotten drug manufacturers so far with Americans. The industry is funded in large part by sizable government spending in Medicare and Medicaid. Trump, a Republican, has been fairly outspoken in his criticism of high prescription drug prices and suggests Congress is not being tough enough in negotiations with Big Pharma.

It puts congressional Republicans in a tough spot. The industry has been supported well by the Republicans, who in turn received the majority of campaign contributions from drug makers.

In 2016, according to OpenSecrets.org, the GOP pulled in \$15.2 million in campaign contributions, while the Democrats received a bit less, at \$12 million.

But the drug lobby’s influence doesn’t stop there. PhRMA has spent an eye-popping \$213 million in the last decade on lobbying the federal government alone, according to The Hill.

Trump, who didn’t need the industry’s money in 2016 and likely enjoyed running against special interests in favor of the middle class, has taken the position the industry can do better.

“Pharma has a lot of lobbies, a lot of lobbyists, a lot of power,” Trump said earlier this month. “And there’s very little bidding on drugs ... We’re the largest buyer of drugs in the world, and

yet we don't bid properly and we're going to start bidding and save billions of dollars over a period of time."

Trump also noted many of the drugs are not made in the United States, even though many of the world's top drug companies are based in the United States. Eli Lilly is based in Indianapolis. Pfizer is based in New York City.

Complicating pricing further is the drug companies' resistance to generic competitors. Generic drugs tend to be cheaper than brand-name drugs.

The battle lines are thus set: The new Trumpian Republican faction, with many Democrats on their side, will square off with the old GOP. But the old GOP won't just be Establishment figures such as House Speaker Paul Ryan (R-Wis.).

The libertarian wing of the Republican Party is bound to make trouble for any plans President Trump has to regulate drug pricing, or to come down harder on manufacturers in negotiations.

"To make drugs more affordable, we need not one tough-talking negotiator but 300 million of them," wrote Michael Cannon of the libertarian Cato Institute earlier this year in USA Today.

Cannon told LifeZette on Monday that he would like to see Medicare spent like Social Security. Cannon envisions block grants, and even giving sick people more money to negotiate their treatment costs.

"I don't oppose that Medicare should pay less," said Cannon. "I want Medicare to pay less for prescription drugs."

Cannon touted legislation by Sen. Jeff Flake (R-Ariz.), and U.S. Rep. Dave Brat (R-Va.), that would let workers control the \$700 billion employers use to purchase health benefits. Such a move may have free market credentials, but is likely too big a political leap for Trump and most Republicans as they grapple with replacing Obamacare and mull over drug-pricing strategies.

One more doable effort could be to speed up generic-drug manufacturing. Cannon said the law is designed to favor patent-holders, and to create hurdles for generic drug companies.

A more likely legislative battle is between House Speaker Ryan and Trump's congressional surrogates.

Ryan has already dissed Trump's general plans on drugs. Ryan spoke in typical Washington code last week when he spoke to Mike Allen of Axios, saying he wanted to have "more conversations" about Trump's plan to confront drug companies over their pricing, forcing them to compete for government business.

"I believe that the current premium support system with Part D works extremely well," said Ryan. "I think there's some real success stories ... and I think we need to tell that story."

Medicare Part D was installed by Republican President George W. Bush and a Republican Congress in 2003. It was largely seen as increasing budgetary pressures, although it soon became a familiar benefit for senior citizens.

But part of Trump's campaign was reaching out to blue-collar workers and the unemployed. Trump realized many of those people in the Midwest and elsewhere were not seniors, and were likely overwhelmed by drug prices for such maladies as cancer and heart disease.