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Why the Grassley drug pricing bill is a winner

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U.S. senators are scheduled to arrive in Washington early next month after their summer recess. Republican Sen. Chuck Grassley, the chairman of the Senate Finance Committee, will return to high-stakes legislative wrangling on the "Prescription Drug Pricing Reduction Act (PDPRA) of 2019," which he co-authored with Sen. Ron Wyden, Oregon Democrat, the committee's ranking member.

Congress should set aside partisan bickering and pass the bill. The health of Iowa's 3.1 million people — as well as 327 million Americans — depends on it.

During the summer recess, Mr. Grassley continued his trademark 99-county tour crisscrossing the Hawkeye state. He barnstormed the iconic Iowa State Fair to promote the legislation. Mr. Grassley visited a booth sponsored by the Iowa chapter of the AARP, which thanked him for "sponsoring a bill to cut the prices of prescription drugs!" The bill would overhaul Medicare and Medicaid, particularly how price standards are set on brand-name drugs.

"Everyone can agree that the price of many prescription drugs is too high," Mr. Grassley said in a statement after the committee advanced the bill. "These skyrocketing costs hurt seniors, lower-income earners, people with disabilities and all Americans."

Mr. Grassley highlighted the bill's Congressional Budget Office (CBO) analysis, determining it would save taxpayers $85 billion in Medicare costs over ten years, save beneficiaries $27 billion in out-of-pocket costs plus $5 billion in premiums and trim the cost of Medicaid by $15 billion by clarifying how prices are calculated.

AARP, which has a roughly 38-million strong "nationwide army of dedicated volunteers," launched an all-out lobbying campaign to urge passage of the bill at the state fair.

"On behalf of our nearly 360,000 members, AARP Iowa thanks Sen. Grassley and the 18 other senators on the Senate Finance Committee who voted for [the bill]," Brad Anderson, the group's state director, said. "AARP Iowa is deeply committed to winning this fight and passing a bill in Congress this year."

Political parties and advocacy groups compete with hundreds of vendors for the attention of more than 1.1 million fairgoers. AARP volunteers nudged Iowans to fill out 3,500 pill-shaped thank you message, displayed on the booth's backdrop. Volunteers also captured the personal information of 5,800 Iowans via an iPad trivia game.

House Speaker Nancy Pelosi said in July that Democrats will unveil their version of the bill in September. Mr. Grassley suggested wavering Republicans should get on board instead of waiting for President Trump to potentially cut a worse deal with the speaker. He's right.

“I assume that if the Republicans can’t accept this moderate position … something’s going to get done with the president throwing in with (Nancy) Pelosi,” Me. Grassley told Iowa reporters last month. “If I don’t get sabotaged by my Republican colleagues, we’ll get the job done.”

Nonetheless, the bill faces a foggy path in the Senate. John Thune, the Senate’s second-ranking Republican, said price controls on drugs would counter “free market forces.” Thirteen of the 19 votes approving the bill in the finance committee were from Democrats while nine Republicans opposed it.

The battle lines have been drawn among Washington, D.C.’s plethora of think tanks, trade associations and interest groups. The bill has powerful opponents, including the Pharmaceutical Research and Manufacturers of America. Michael Cannon, director of health policy studies at the Cato Institute, wrote that the bill “would give insurance companies incentives to drive harder bargains with drug manufacturers, to the benefit of taxpayers.”

Typical of most ambitious bills to transform regulations and statutes impacting an issue — health care — that’s literally critical to Americans’ wellbeing, the draft language is byzantine and far-reaching. Moreover, the legislation is expected to be combined with the “Lower Health Care Costs Act” for a full vote in the Senate.

For example, among the bill’s 48 sections is Section 207, which is defined as “Biological product innovation.” But this measure would do the opposite. Biologic drugs are derived from living things. The RAND Corporation estimates such drugs could save patients and the health care industry $54 billion over the next decade.

This provision would abandon requirements for transparent quality benchmarks. U.S. Pharmacopeia (USP), a non-profit organization founded in 1820 — 199 years ago, standards to reassure patients, pharmacists and physicians that medicines actually contain ingredients promised on the label.

This legislation would expand the scope of the Food and Drug Administration, which is already struggling to meet its obligations with a $3.1 billion budget. The House Energy and Commerce Committee recently launched an investigation into the FDA’s foreign drug inspection program after a series of recalls of drugs produced in India and China. The CBO has identified no taxpayer savings from this provision, and it will almost certainly lead to future funding requests from FDA officials.

In contrast, USP is a self-funded, non-profit that crowd-sources the expertise of the private sector, former regulators and academic medical researchers. The guidelines are entwined in global commerce. More than 140 countries follow USP standards to regulate biologics approved for use by their citizens. Americans rely on ingredients for these biologics — which treat diseases including breast cancer, rheumatoid arthritis and Crohn’s disease — from countries in the developing world.

In 2016, Congress considered this provision in a similar bill but ultimately rejected it. Stripping the misguided biologics section would ease the bill’s passage while preserving the free market system that patients, myriad businesses in the health care industry and global markets have relied on for nearly two centuries.