



## Hillary Clinton takes on prescription drug costs

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Hillary Clinton is laying out a new plan to slow the rising cost of prescription drugs. The Democratic presidential candidate's proposal would deny tax breaks for direct-to-consumer TV advertising and require drug companies that receive taxpayers' support to invest in research and development.

Michael Cannon, director of health policy studies with the Cato Institute, a libertarian and free-market think tank, says that's the wrong approach. "I don't think the answer to those concerns [about high drug costs] is to cut off information from consumers, which is what direct-to-consumer advertising provides them," he says.

Cannon says pharmaceutical companies are capable of making their own R&D decisions. "If it appears the benefits will outweigh the costs," he says, "pharmaceutical companies have an incentive to invest in that research and development already." On the other hand, he says, "If their costs exceed the benefits, we don't want the government to encourage them to do it."

Cannon advocates free-market solutions, such as competition. "Greater competition between pharmaceutical manufacturers drives down prices," he notes. "Prices have been falling for most generic pharmaceuticals for a number of years." The federal Food and Drug Administration, he says, prevents competition by putting too many regulatory barriers in the way of companies that would otherwise enter the marketplace.

He says the policies of both major political parties tend to interfere with the free market. "We've got one party," he notes, that's "the party of socialized medicine, and they think the government can make drugs more affordable by writing smaller checks to drug companies. And then we've got the party of crony capitalism that tells us government can make prescription drugs and health care better by writing bigger checks to pharmaceutical companies. And they're both wrong."

He says suggestions from Clinton and other Democrats aren't necessarily worse than Republican approaches. "Remember," he points out, "it was a Republican president [George W. Bush] and a Republican Congress that gave us the Medicare prescription drug entitlement program." There

has been a “rising trend in name-brand prescription drug prices” ever since the passage of that act.

That trend, Cannon says, has continued under the Affordable Care Act, commonly known as ObamaCare. While most of the leading GOP presidential candidates want to repeal or reform ObamaCare, he notes, “A lot of the Republican plans for replacing ObamaCare share a lot of features with ObamaCare.”

Cannon says the best approach to the problem of high prescription drug costs is to take the money out of the government's hands and return it to consumers so they can make their own informed decisions. “Acting as cost-conscious consumers,” he says, they will “force down prices [and] force the pharmaceutical industry to compete on the basis of price.”