

**Robyn Boerstling**

*Vice President*

*Infrastructure, Innovation and Human Resources Policy*

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The Honorable Lamar Alexander  
Chairman  
Committee on Health, Education, Labor and Pensions  
United States Senate  
Washington, DC 20510

The Honorable Patty Murray  
Ranking Member  
Committee on Health, Education, Labor and Pensions  
United States Senate  
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

The National Association of Manufacturers (NAM) is pleased to submit these comments in response to a hearing entitled, “The Cost of Prescription Drugs: An Examination of the National Academies of Sciences, Engineering, and Medicine Report *Making Medicines Affordable: A National Imperative.*”

The National Association of Manufacturers is the nation’s largest industrial trade association and the voice of 12 million men and women who make things in America. The NAM is the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

Over the course of the year, a significant number of NAM members have reported premium increases of at least 10 percent annually. Additionally, manufacturers consistently rank rising health care costs as a top primary business challenge according to past NAM Outlook Surveys conducted each quarter. While manufacturers provide health coverage that is accessible and affordable, the current regulatory environment as well as the employer mandates of the Patient Protection and Affordable Care Act (ACA) are not favorable to health care innovation and reducing costs.

Approximately 98 percent of NAM member companies offer health benefits to maintain a healthy workforce, attract and retain talent and also because they believe it is the right thing to do for their employees. Manufacturers strongly support proposals to reduce soaring health care costs, improve the efficiency of the current system and enhance the quality of care. Employees are spending more of each paycheck on health care and the rising costs of premiums paid by employers continue to erode any gains in wages.

Manufacturers appreciate the Committee’s attention to affordable medicines but are concerned that some suggested approaches in the National Academies’ report will compromise affordability by shifting costs to the private sector and divide stakeholders rather than encouraging consensus within the health care ecosystem. Moreover, government intervention, no matter how well intentioned, does not work. The heavy-hand of the ACA has only driven up costs and increased

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uncertainty for employers. Another government-driven, top-down approach to address drug prices is not likely to produce the desired results for consumers. Manufacturers urge the Committee to take a close look at measures that will promote innovation and value by encouraging policies and reforms that are in step with the next generation of health care delivery and the development of new medicines.

Manufacturers are encouraged by the potential for outcomes-based health care arrangements as a new health care innovation that seeks to align incentives across a range of parties—health care providers, employers, insurers, and pharmaceutical and life-sciences manufacturers—so that delivery of care, payment arrangements and clinical outcomes are achieved in an efficient manner. Collaboration and improved benefit design hold the promise to change how health care is paid for and delivered. Improving data and modernizing relevant regulations that prevent these value-based arrangements from realizing their full potential would go a long way in addressing rising premiums and pharmacy costs. In a broader reform-oriented setting, manufacturers urge the Senate to accelerate health care innovations that help contain costs, improve efficiency and enhance the delivery of health care.

Every day manufacturers across the United States think about ways to better serve customers, innovate, grow business and reduce costs. They accomplish these goals without government intervention. Efforts that require pharmaceutical manufacturers to turn over and disclose highly sensitive operational information—such as pricing on specific products, marketing costs, planned research investments, anticipated profits and manufacturing production costs—are a distraction and set a dangerous precedent by delivering chilling impacts to our global competitiveness. To further secure our manufacturing competitiveness, we must create a policy environment designed to attract and retain investment and encourage innovation with strong protections of intellectual property for all manufacturers.

Further, health care stakeholders should not be presented with false choices and must work together to advance positive solutions. Progress can and should be made without new government-driven demands that are contrary to basic free market principles. Manufacturers can no longer be strangled by additional regulations, compliance requirements, additional cost-shifting or a cavalier approach to the protection of intellectual property.

Manufacturers support a successful, competitive and affordable health care system that is second to none so that businesses and their employees can thrive, be healthy and share in success. Thank you for the opportunity to comment in response to this recent National Academies' report on the affordability of medicines.

Sincerely,



Robyn M. Boerstling