



COALITION AGAINST SOCIALIZED MEDICINE

a Project of THE CONSERVATIVE POLITICAL ACTION COALITION

Via electronic delivery

The Honorable Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Oz:

As Executive Director of the Coalition Against Socialized Medicine (CASM), a project of the Conservative Political Action Coalition (CPAC, I am writing to urge you to exclude drugs with existing or potential biosimilars or generics from the next round of the Medicare Drug Price Negotiation Program, authorized under the Inflation Reduction Act (IRA) of 2022.

The IRA's price "negotiations" essentially impose price controls on pharmaceuticals. Unequivocal historical evidence demonstrates that price fixing leads to scarcity and reduced innovation. As the Centers for Medicare & Medicaid Services (CMS) works to protect American healthcare and access to life-changing or lifesaving medications, these disastrous consequences for patients should be avoided at all costs.

This is particularly pressing in the case of medications with existing or potential future affordable, accessible generic (small-molecule) or biosimilar (large-molecule) alternatives. Biologics, derived from living organisms, play a crucial role in our healthcare system, treating many of the most complex and devastating illnesses, including cancer and autoimmune diseases. Their biosimilar counterparts enter the market only once exclusivity for the biologic expires, offering a safe, effective, and more affordable alternative to expand access to patients in need.

Under the current system, the free market delivers biosimilars to patients, effectively regulating against excessive costs without impeding innovation or access. Imposing price controls on biologics before this process can play out would handicap this pipeline, not only restricting access to biosimilars but also hindering the development of future biologic breakthroughs.

Competition driven by the biologic and biosimilar market is already working to dramatically reduce prices. Biosimilar prices are typically 15% to 35% lower than their corresponding biologic references. The existence of these alternatives can also incentivize the brand-name biologic developers to reduce their prices, demonstrating a prime example of a functioning free market.

Introducing price controls at the initial phase of this process will disrupt the system. It will force biosimilar manufacturers to abandon research and development in an environment where they will not be able to generate a return on the substantial investments required to develop these treatments. By adding a new layer of uncertainty to the already precarious drug development process, imposing price controls would eliminate numerous future treatments and therapies.

This impact will ripple outward to the biosimilar alternatives that will never come into existence if their would-be reference product never sees the light of day.

Selecting biologics that currently or may soon have a biosimilar alternative will risk disrupting a system that is already working to bring prices down, essentially jeopardizing future innovation and access to fix a problem that doesn't exist. As the Administration works to lower drug prices, efforts would be better spent implementing free-market solutions and abandoning all price controls. At the very least, I urge you to focus on medications without biosimilar alternatives, which are already making treatment more affordable.

Thank you for your attention to these concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "Andrew M. Langer".

Andrew Langer
Executive Director
Coalition of Socialized Medicine (CASM)