COALITION AGAINST SOCIALIZED MEDICINE

a Project of THE CONSERVATIVE POLITICAL ACTION COALITION

M E M O R A N D U M

To:	**Hon. Ron Wyden, Ranking Member, Senate Finance Committee** **Sen. Catherine Cortez Mastro** **Sen. Peter Welch** **Sen. Ruben Gallego** **Senate Finance Committee Minority Staff**
From:	**Andrew Langer, Executive Director, Coalition Against Socialized Medicine**
Date:	**August 17, 2026**
Re:	**Request for Information: Commonsense Policy Options to Lower Drug Prices for Patients**

Introduction

The Coalition Against Socialized Medicine (hereafter "CASM") respectfully submits the following comments to the Senate Finance Committee Minority Staff in response to the Request for Information: Commonsense Policy Options to Lower Drug Prices for Patients.

CASM is a coalition of allied free-market limited-government policy research, education, and advocacy organizations, and is led by the Conservative Political Action Coalition ("CPAC"), a non-profit partisan 501(c)(4) research, education, and advocacy organization based in Alexandria, Virginia.

Our coalition is dedicated to defending the free-market principles that uphold America's healthcare system. We support reforms that protect and promote biopharmaceutical innovation, increase competition, improve transparency throughout the prescription-drug supply chain, and ensure that negotiated savings benefit patients. CASM champions patient-centered, market-based solutions that expand access to quality and timely care, improve outcomes, and reduce costs for patients and taxpayers.

Executive Summary

CASM appreciates the Committee's stated objective of making prescription medicines more affordable and accessible. Achieving that objective, however, requires Congress to distinguish between policies that strengthen competition and policies that replace market signals with government price setting. Expanding the Medicare Drug Price Negotiation Program would

further weaken pharmaceutical investment, reduce incentives to develop new treatments, and compound the IRA's unequal treatment of small-molecule medicines.

CASM therefore urges the Committee to:

- **Reject proposals to expand Medicare price setting or apply it earlier in a medicine's lifecycle.**
- **Correct the IRA's pill penalty by enacting the Ensuring Pathways to Innovative Cures Act.**
- **Require meaningful transparency regarding PBM compensation, rebates, spread pricing, formulary incentives, and affiliated-company transactions.**
- **Ensure that negotiated discounts, rebates, and other savings benefit patients rather than being absorbed within the prescription-drug supply chain.**
- **Examine anticompetitive conduct, self-preferencing, and conflicts of interest arising from vertical integration.**
- **Protect patient choice, competitive contracting, and independent and community pharmacies.**

Congress need not choose between pharmaceutical innovation and prescription-drug affordability. Market-oriented reforms can address PBM practices that suppress competition and obscure the flow of savings without imposing additional government price controls. CASM welcomes the Committee's attention to these issues and encourages a bipartisan approach centered on transparency, accountability, competition, patient access, and continued medical innovation.

The Harmful Impacts of the IRA

CASM has been a staunch critic of price controls and other socialist price-setting policies, including the Inflation Reduction Act (IRA), which goes against our free-market vision for American healthcare stands for.

The IRA has had a significant impact on the U.S.'s innovation ecosystem since enacted in 2022, and patients are already feeling the impacts. With the goal of lower healthcare costs for patients and has done the opposite—patients, researchers, and developers are all worse off for it.

The Medicare Drug Price Negotiations were established under the IRA, which gave the Department of Health & Human Services (HHS) authority to negotiate prices directly with manufacturers for certain high-cost drugs, on a phased schedule. With the first negotiated prices taking effect this year, we must reject efforts to expand a program that deters innovation.

Price Controls and Their Effects on U.S. Innovation

Price controls are harmful to American patients. They discourage investment in R&D and the breakthroughs that patients depend on. By capping a manufacturer's profits, there's no incentive to innovate, and creates an unstable, unsuccessful innovation pipeline for American manufacturers. The result: fewer treatment options for patients, new barriers to care, and a free market that's hostile to development instead of hospitable to it.

Developing a drug costs millions of dollars and takes many years. It's no small lift. That's why encouraging innovators to create new, potentially life-saving treatments is crucial for patients—without the incentive to innovate, there are no treatments to develop. Manufacturers need the confidence that they can profit and recoup their investment to keep innovating. Without it, we're left seeking treatments from other countries.

Price controls are a Marxist concept that socialist, single-payer healthcare systems implement. Our capitalist, competition-driven system can't survive losing those incentives. Importing socialist principles should never be an option on the table.

Biden's Pill Penalty

Arguably the most notable measure under the IRA is the Biden "Pill Penalty". This created distinct lifespans for small molecule drugs—your everyday medicines—and large molecule drugs—infusions and injections. Under the Pill Penalty, small molecule drugs are subject to Medicare Price Negotiations 7 years after FDA approval, while large molecule drugs are subject after 11 years. The policy disincentives the development of everyday medicines, leaving patients with fewer options for the ones they rely on most.

Rewarding infusions and injections over pills only adds to the access problem. The Pill Penalty built an inhospitable pipeline for the medicines patients take every day, and instead of encouraging domestic manufacturing, it deters it.

The EPIC Act

Congress has proposed a solution to the Pill Penalty: the Ensuring Pathways to Innovative Cures (EPIC) Act, which would extend the amount of time both small and large molecule drugs get before they are eligible for Drug Price Negotiations. The bill protects the incentives that drive tomorrow's breakthroughs. It's been introduced in multiple Congresses, but has yet to be passed. Lawmakers should focus on fixing the Pill Penalty before looking to expand Drug Price Negotiations.

Equalizing the treatment of small-molecule medicines and biologics would not create a special exemption from competition or guarantee any manufacturer a particular return. It would instead remove an arbitrary policy distortion that directs investment away from medicines that are often easier for patients to take, distribute, and store. Providing a consistent thirteen-year period before negotiated prices take effect would allow development decisions to reflect scientific opportunity and patient need rather than the government's unequal treatment of different technologies.

The Need for PBM Reform

CASM's opposition to government price controls does not mean that the existing prescription-drug marketplace is functioning as it should. CASM has consistently supported meaningful reform of pharmacy benefit managers, whose opaque compensation arrangements, concentrated market power, and relationships with affiliated insurers and pharmacies can distort competition and increase the costs patients face at the pharmacy counter.

PBMs were originally intended to negotiate savings for health plans and patients. Today, a small number of vertically integrated companies exercise substantial influence over formularies, pharmacy networks, reimbursement, and the flow of rebates and other payments. When the same corporate enterprise can administer the drug benefit, determine coverage, own the dispensing pharmacy, and retain revenue generated throughout the transaction, patients and plan sponsors may have little ability to determine whether decisions reflect clinical value or corporate financial interests.

CASM has previously called for greater transparency regarding PBM compensation, rebate arrangements, spread pricing, formulary incentives, and payments received from manufacturers and pharmacies. Employers, plan fiduciaries, patients, and taxpayers should be able to understand how PBMs are compensated, where negotiated savings go, and whether financial incentives favor higher-priced medicines over more affordable or clinically appropriate alternatives.

The Senate should build upon this bipartisan concern by requiring meaningful disclosure, ensuring that negotiated savings benefit patients, examining contractual practices that prevent direct or more competitive arrangements, and strengthening enforcement against anticompetitive conduct. Congress should also scrutinize self-preferencing and conflicts of interest arising from vertical integration while protecting patient choice and the continued viability of independent and community pharmacies.

Properly designed PBM reform would address genuine market distortions without imposing government prices on medicines or weakening the incentives that support future treatments. Transparency, accountability, patient choice, and competition offer a more durable path to affordability than expanding centralized price setting. CASM welcomes the Committee's attention to these issues and urges members of both parties to pursue focused PBM reforms that lower patient costs while preserving pharmaceutical innovation.

Conclusion

CASM urges the Senate Finance Committee to examine carefully the consequences of expanding the Medicare Drug Price Negotiation Program. Accelerating or broadening government price setting would further weaken investment incentives, compound the IRA's unequal treatment of small-molecule medicines, and threaten the life-sciences innovation upon which patients depend. Congress should instead correct the Pill Penalty by enacting the EPIC Act.

At the same time, preserving pharmaceutical innovation does not require accepting opaque or anticompetitive practices elsewhere in the prescription-drug marketplace. Congress should pursue meaningful PBM transparency, ensure that negotiated savings reach patients, address conflicts created by vertical integration, and protect competition and patient choice. These market-oriented reforms offer a more effective path to affordability than imposing additional government price controls.

Thank you for your time and consideration of this matter.

Sincerely,

Andrew M. Langer
Executive Director
Coalition Against Socialized Medicine