Delaney
FOR PRESIDENT 2020

Lowering Prescription Drug Costs

The Problem - Rising Pharmaceutical Costs and American Patients Paying More

The amount of money Americans spend on prescription drugs has nearly doubled since the 1990s with pharmaceutical companies raising the cost on life saving drugs. Americans currently pay significantly more for prescription drugs than individuals in comparable countries. The U.S. government has failed in implementing policies to ensure Americans have affordable access to needed drugs. The U.S. should approach pharmaceutical prices as companies in the private sector approach buying goods, by using their purchasing power as leverage to negotiate down on costs. It is astounding that the U.S. government, the largest single purchaser of prescription drugs, does not use its leverage to ensure American patients are not being taken advantage of when buying needed medicine.

While pharmaceutical companies have limited interference for setting drug prices in the U.S. European governments have negotiated with the companies to set the costs. According to analysis from the University of Liverpool, the world's 20 top-selling medicines are three times more expensive in the U.S. than in Britain, on average, and consistently higher

than in other European markets. On a per capita basis, pharmaceutical spending accounts for over $1200 per person in the U.S., according to OECD data, compared to just $860 in Canada and $640 in Australia. Drug costs are also accounting for more of an American's health care spending over time. In 2015 retail prescription drug expenditures in the U.S. accounted for 12% of total personal health care spending, up from just 7% through the 1990s. While revenue from pharmaceutical sales contributes to research and the development of new drugs, the U.S. has been subsidizing the rest of the developed world..

In order to address the rising drug prices, Delaney would:

1) Allow the federal government to negotiate drug prices with pharmaceutical companies

2) To address the unfair cost differential between the U.S. and other OECD countries, the government would institute a 100% excise tax, levied on the pharmaceutical company on the difference between the average price of a drug sold in the U.S. and the price of that drug in similarly economically developed countries. Because of the nature of a 100% excise tax on the price differential, the pharmaceutical companies would not have the option of passing on the burden of the tax to the American people, and instead would have a strict incentive to balance global prices by lowering them in the U.S. and raise them in other developed countries. This will be a market-based solution which will maintain profit incentives to invest in new life saving drugs. Developing countries would be excluded from the policy as access to low-cost medication is critical.