OPINION

Global pharmaceutical models would destroy U.S. medical innovation

We need to stick with our investment model for bioscience and pharmaceuticals.

In this June 15, 2018, file photo, pharmaceuticals are seen in North Andover, Mass. (Elise Amendola / AP)

By Tom Kowalski
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Amid a global pandemic that has shuttered our economy, abruptly upended lives and livelihoods, and most tragically, cost thousands of lives, there is a bright spot on the horizon: American innovation.

As scientists race for treatments and vaccines to stamp out the spread of COVID-19, American pharmaceutical companies are helping lead the way, with groundbreaking, rapidly developing research that has allowed us to hold out collective hope for an end to this pandemic.

Yet, while the government has wisely stepped up its partnership with the private sector, investing resources and loosening regulations that would hamper our ability to rush toward a cure, it is on the precipice of making a devastating mistake that could bring innovation to a devastating halt.

On July 24, President Donald Trump issued four executive orders focused on the cost of prescription drugs. Implementation of a fifth order was delayed until Aug. 24th, giving the president time to negotiate with drug companies. The order in question would upend innovation by looking at global models on how to regulate the U.S. drug market. In a purported effort to reduce the cost of prescription drugs, the order would adopt the concept of most favored nation pricing, using European-style price controls that are only possible in countries where government heavily subsidizes health care.

While the goal may be noble, this is a tragic error.

America is the global leader in developing new drugs and treatments that are helping heal, transform and save lives. Some two-thirds of all new medicines addressing ailments from heart disease to cancer to arthritis are developed here in the United States.

American companies invest billions in the promise of health care breakthroughs, many of which never see the light of day. In fact, new drugs can cost more than $2 billion and 10 years to develop, and little more than one in 10 ever receives FDA approval.

It is largely because of a regulatory and business environment that incentivizes innovation and avoids price controls that we have become the world's pharmaceutical innovator. And sales of pharmaceuticals in the U.S. help fuel the innovation engine that keeps bringing new drugs and treatments to market.

Texas is quickly becoming one of America's leading biopharmaceutical innovators.

We are among national leaders in metrics from academic bioscience R&D expenditures to venture capital investments. Texas institutions, investors and innovators are collaborating in unprecedented ways to strengthen the Texas economy and grow this important sector.

We contribute more than $3 billion in state and federal taxes annually, according to a report published last year by the Texas Healthcare and Bioscience Institute, and our overall economic output is $61.5 billion, with employees earning an average salary of $110,000.

The companies who would be hurt the most by this proposed move would be small biotech businesses. Those cutting-edge entrepreneurs who are turning ideas into innovative treatments and cures, would never be able to realize their dreams, and Texans won't benefit from their discoveries.

As the voice of the life sciences industry in Texas, we've said before that our philosophy is this: If it doesn't extend lives, if it doesn't promote access to cures, if it limits the scope of discovery, it's not good policy.

We hope President Trump — and all Texas lawmakers — will hear our concerns regarding the damage his executive order would make toward innovation before it's too late.

Tom Kowalski is chief executive of the Texas Healthcare and Bioscience Institute in Austin. He wrote this column for The Dallas Morning News.