

OPINION

A PRICE TO PAY

Rep. Scott Peters, D-San Diego, is at the center of a dispute over drug pricing that has put a national spotlight on the pharmaceutical and life sciences industry and the five-term House member himself. Below, a local health care expert and Peters weigh in on the ongoing discussion in Washington, D.C., over drug innovation, investment and costs.

DON'T BELIEVE BIG PHARMA CLAIMS ON PENDING BILL

BY SHELLEY LYFORD

Congress has the best chance in over a decade to deliver on longstanding promises to lower prescription drug prices as part of a reconciliation bill designed to strengthen health care for seniors and shore up our economy and infrastructure.

One of the most important components of this legislation is the Lower Drug Costs Now Act, which empowers Medicare to negotiate fair prices of prescription drugs for its more than 60 million beneficiaries and all Americans. These negotiated prices could also be extended to private commercial plans, saving money for employers and workers alike.

If passed, the result would be significant cost savings at the pharmacy counter, lower insurance premiums and less sickness and death from skipping prescribed medications because of an inability to pay — something 18 million Americans were forced to do earlier this year.

There aren't many issues that most Americans agree on, but the desire to address skyrocketing prescription drug costs is something that unites Americans from every walk of life — irrespective of political affiliation, gender, age, race or even insurance type.

As expected, drug companies are opposed to Medicare negotiation, as they stand to lose their monopoly power. For decades the pharmaceutical industry has abused its power — setting and raising prices well above the rate of inflation for thousands of prescription drugs. Using scare tactics, untruths and a relentless onslaught of lobbying influence, the pharmaceutical industry has warded off most attempts at meaningful reform. It has kept the rules rigged in its favor to avoid competition and to inflate profits.

As a result, Americans are dying not because there are no treatments for certain diseases but because existing drugs are just too expensive. Tragically, more than 1.1 million Medicare patients are expected to die over the next decade because they cannot afford their current prescriptions. The most innovative drugs in the world are worthless if they are not affordable and accessible.

But the tide is turning — action is on the horizon. The nonpartisan Congressional Budget Office finds that the Lower Drug Costs Now Act would save Medicare about \$456 billion over the next decade, and a separate analysis by the West Health Policy Center estimates another \$195 billion in savings for employers and \$98 billion for workers. What's more, the legislation would increase federal innovation funding by \$7.5 billion, thereby directly benefiting San Diego's rich biotech industry.

Nonetheless, those opposed to Medicare negotiation claim lower drug prices would mean less innovation. This is a myth and a false choice designed to preserve excessive profits. In fact, third-party independent research and analysis has debunked this mistruth peddled by Big Pharma.

A review of publicly reported financial data by researchers at the West Health Policy Center and Johns Hopkins Bloomberg School of Public Health found that large, brand-name drug manufacturers would still be the most profitable industry in the country even with \$1 trillion in lower sales, all while maintaining current research investments. This research suggests that the price tags associated with their products are not directly linked to research and development. When evaluating the entire biopharmaceutical industry,

the same trend holds. Two decades of financial information from more than 1,300 companies of all sizes suggest that reducing drug prices could have no impact on future drug approvals even without fundamental changes to the industry's financial practices or their priorities.

So let's be clear, the real choice is between Medicare negotiation or continuing to price people out of the prescription drugs they desperately need. The real choice is between higher and higher profits for one of the most profitable industries in the world or affordable medicines for America's seniors and the rest of us. And the real choice is for members of Congress — Republicans, Democrats or independents — to either help their constituents or stand in the way of what could be the most significant legislation to reduce drug prices in decades.

Unfortunately, Medicare negotiation is facing headwinds beyond the usual pushback from the pharmaceutical industry and House and Senate Republicans. Four members of Congress who had previously voted in favor of the legislation changed course and voted against it, including San Diego's own Rep. Scott Peters.

Though these votes were only procedural, the four have threatened to block allowing substantive Medicare negotiation in the Democrats' final spending package, retreating from their prior support of this necessary legislation. This is an unfortunate departure from their original positions, and one that needs to be immediately reevaluated.

This is the eleventh hour. Failure is not an option. The time has come to finally let Medicare negotiate. I encourage you to write your congressional representative.

Lyford is the president and CEO of West Health, a family of nonprofit, nonpartisan organizations dedicated to lowering health-care costs and successful aging. She lives in Encinitas.

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DON'T SLOW RESEARCH ON PROMISING DRUGS

BY SCOTT PETERS

Last month, the House Energy and Commerce Committee considered 16 individual elements of President Joe Biden's \$3.5 trillion Build Back Better agenda. I supported 15 and opposed one: a proposed drug pricing reform plan known as H.R.3, which the Congressional Budget Office and other analysts believe will stifle investment in medical research and reduce drug discovery. Instead, I offered an alternative that would lower prescription drug costs for seniors and other consumers without hindering the development of new cures.

H.R. 3 passed the House twice before, and both times died in the Senate. Thus, it has not lowered the price of one single prescription drug. Enough senators have signaled that it was destined for failure again this time, and I was not willing to watch history repeat itself. Millions of Americans are struggling to pay for their medicines at the pharmacy counter, and we need a plan to succeed.

My alternative can gain the support needed to become law. The Reduced Costs and Continued Cures Act provides greater support than H.R. 3 for those who need it most. It would — for the first time — cap out-of-pocket drug expenses for lower-income seniors at \$1,200 per year. No senior would pay more than \$3,100 annually. Our bill caps insulin expenses at \$50 per month for Medicare beneficiaries. It pays for these benefits by imposing a cap on the price increases drug companies can impose to the rate of inflation and clawing back excess profits from drug companies going back five years.

Like H.R. 3, our plan empowers Medicare to negotiate drug prices. The major difference is that our excludes newer drugs for a period of time so as not to

discourage investment in future drug discovery. It closes patent loopholes abused by drug manufacturers to delay access to less expensive generics. It also places fair checks on insurers, manufacturers and drug companies by establishing strict rules to increase transparency in pricing. These provisions benefit all patients, not just seniors.

Drug development is a partnership of the public and private sectors. Taxpayers invest about \$40 billion in the National Institutes of Health each year to do basic research, but we rely on the private sector to then use that research to invent medicines, conduct clinical trials and take them to market. It's expensive — each drug costs about \$1 billion to bring to

market. And it's risky — 95 percent of drug ideas don't make it. In 2018, the private sector invested \$102 billion in drug development, at no risk to taxpayers, dwarfing public sector investment.

I can't support H.R. 3 because it puts our medical innovation ecosystem at risk. It allows the government to set a drug's price, then charge a 95 percent excise tax against companies that refuse to accept that price. This would destroy the incentive for investment into drug development because if investors know they can't earn a return at the back end, they won't invest up front. And H.R.3 would set drug prices based on

what's paid in other countries that keep drug costs down, in part, by rationing who gets access to them based on quality-of-life measures. That's why the National Council on Disabilities does not support the price-setting mechanism in H.R.3 — it's inherently discriminatory against the disabled, the ill and the elderly.

The investors who put up the money for drug development have explained how H.R. 3 would dry up investment and cost jobs. This would be devastating for San Diego, the third-largest biotechnology cluster in America, where 68,000 people are employed in nearly 1,000 companies in the life sciences, mostly doing research.

The independent, nonpartisan Congressional Budget Office has projected we will lose cures over time if we enact H.R. 3; independent analysts have suggested the number of cures lost would be far greater than the CBO predicts. Those cures could be for a rare disease that affects only a few, or for something widespread like Alzheimer's. Who thinks we should take that risk?

That is why over 50 rare disease patient advocacy groups fighting for cures for cancer, amyotrophic lateral sclerosis or ALS, multiple sclerosis, lupus and other autoimmune diseases have publicly expressed concerns with H.R. 3. They worry the cures we could lose might be the ones that save the lives of the sick people they fight for.

Our bill would pay for itself and, we estimate, generate another \$200 billion to help bolster Medicare. Visit scottspeters.house.gov/media-center/press-releases to review my full proposal. I hope my proposal will become the foundation for achievable legislation. We all agree we must lower prescription drug costs. I'm committed to doing the hard work to get it done.

Peters has represented Coronado, Poway and San Diego in Congress since 2013. He serves on the House Energy and Commerce Committee, which has jurisdiction over health care. He lives in Bird Rock.



GETTY IMAGES

I WORK IN TECH. WHY ARE WE LETTING FACEBOOK DO THIS?

BY RUSSELL YORK

I want to make a noncontroversial statement about families and technology. Let me give this a try: "Screens are not the enemy."

Did I lose anyone? Probably a few. OK, let me amend that statement to see if I can get everybody back. "The enemy is not screens. The enemy is the data-gobbling, content-recommending, advertisement-serving monster algorithms that monetize our attention and put profit ahead of child safety."

There! Hopefully I got you back with me.

Facebook announced this week that it is pausing development of an Instagram project designed for kids (called "Instagram Kids," which should make your stomach turn). In the announcement, Facebook noted that its own internal research concluded there could be an array of potential harm being done to the youngest users of these platforms.

This comes on the heels of an explosive investigation in *The Wall Street Journal* that explored a trove of internal Facebook documents. "The Facebook Files" reveal how the company has known all about the damage it does — especially to the self-image and mental health of young girls — and yet has done almost nothing in response.

But these findings should come as little surprise. Researchers studying social media

and kids have consistently concluded that social media contributes to depression, self harm, bullying and a litany of other side effects.

So yes, this is a big "duh" moment for Facebook. How are we as a society still so lenient with tech giants and their pursuits to target kids with their behavior-changing, data-mining algorithms?

Listen, I'm not anti-big tech. I own Apple

An algorithm can manipulate a young person's growth trajectory. You see, an algorithm doesn't understand who you are and what you believe. It only understands how to hold your attention.

products. I shop on Amazon. I used a Google browser as I wrote this, and I got social media notifications trying to pry my attention away from writing it. I know my relationship with tech comes with trade-offs, not all of which I'm comfortable with.

So isn't it the same with kids? Pros and cons, good and bad? Set some ground rules, put some parental controls on devices and keep an open dialogue with your children? In reality, the problem is much bigger than that.

Whether your family is seeing the most insidious symptoms of child-technology interaction or not, children using these

platforms are dangerously exposed to highly sophisticated algorithms that are designed to influence their thinking and change their behaviors. With kids today, those algorithms will now have data covering their entire lives.

Machine learning, artificial intelligence and big data have manifested an algorithmic intelligence that is trying to understand and manipulate us at our core. That's right,

all the data that is gathered every time your child plays a video game, swipes on an iPad, watches YouTube Kids or otherwise interacts with the digital world — it's all feeding into data sets, which algorithms mine to create "intelligence."

When an algorithm has access to developing human beings, it has an outsized ability to manipulate their growth trajectory. You see, an algorithm doesn't understand who you are and what you believe. It only understands how to hold your attention. It knows what you'll click on next, and it will continually push content in front of you that keeps you coming back.

Whoever is holding the attention of a child is molding that child. You would not let a stranger talk to your child, but we are letting algorithms penetrate their lives and plant ideas in their minds. Think about that.

This is absolutely important enough to merit government oversight, which the Senate is doing this week in a series of hearings.

As a family technology company founder, I hear from customers all the time that tell me they feel betrayed by the system — the big tech corporations, the government regulators, and even our society as a whole — for its willful tolerance of technology norms that leave families behind.

The solution, if there is one, lies with consumers. There must be outrage paired with organization. And there must be alternatives to big tech platforms for families, which is fundamentally a private sector responsibility.

My company, COSMO Technologies, is a part of that conversation, along with an impressive cadre of new companies that are working to create a different technology future for families and kids.

I am sure I speak for all family technology companies when I say, "Duh, Kids Instagram was a bad idea."

York is a technology founder and CEO, born and raised in San Diego, who lives in Downtown San Diego.