



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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S.7: Bad Public Policy Undercuts Efforts to Enact Real Reform

Americans for Tax Reform strongly opposes The Prescription Drug Benefit and Cost Containment Act of 2003 (S. 7) because it would enact a wildly expensive prescription drug plan, endanger the lives of millions of Americans, and strengthen the market share of generic drug companies to the detriment of innovator companies. These policies will cost taxpayers billions to enact, and reduce the existing competition in the marketplace that works to contain health care costs.

Senator Tom Daschle (S-SD) sponsored S. 7 on January 7, 2003.

The following U.S. Senators have co-sponsored S. 7. All are Democrats.

Daniel Akaka (HI), Hillary Clinton (NY), Mark Dayton (MN), Richard Durbin (IL), Edward Kennedy (MA), Patrick Leahy (VT), Barbara Mikulski (MD), Harry Reid (NV), Paul Sarbanes (MD), Debbie Stabenow (MI), Barbara Boxer (CA), Jon Corzine (NJ), Christopher Dodd (CT), Tim Johnson (SD), Frank Lautenberg (NJ), Carl Levin (MI), Jack Reed (RI), John Rockefeller (WV), Charles Schumer (NY).

Prescription Drug Benefit for Medicare Beneficiaries: S. 7 puts the cart before the horse by establishing prescription drug benefits without first implementing significant Medicare reform. Taxpayers already contribute enormous resources to Medicare, and yet the program demonstrates serious administrative and managerial deficiencies. Real reform is possible and has enjoyed a broad public debate; S. 7 ignores this debate in favor of hundreds of billions of dollars in new spending without any hint of reform.

Reimportation of Drugs from Canada:

Both the previous and current Secretaries of Health and Human Services agree that reimportation of prescription drugs is dangerous and poses unacceptable risks to the American public. Furthermore, drugs in Canada are cheaper because the Canadian government enacts price controls, a policy that shifts the costs of research and development onto American consumers. Similar policy enacted in this country will further limit the development of drugs, many of which have already reduced the need for expensive and invasive medicine.

Hatch-Waxman Patent Rule

“Reform”: Generic drug companies already consume approximately half of the market share, for the simple reason that Hatch-Waxman works well as enacted in 1984. Additional meddling in the market to tilt the balance in favor of generic companies will result in fewer new drugs entering the market, as innovator companies are unable to recoup their research and development costs.