

INTERNATIONAL PRICING INDEX

International Pricing Index (IPI) is a proposal that would tie drug prices in the United States to those in foreign countries. Under such a system, U.S. policymakers would unilaterally adjust American drug prices to match a composite average of drug prices in countries such as:

- Austria
- Belgium
- Canada
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Japan
- Netherlands
- United Kingdom

Unfortunately, most of these countries operate under socialist, single-payer systems. The IPI would allow the choices of socialist governments to determine how much the American people pay for prescription drugs. If IPI were to be implemented, the American healthcare system would also start to inherit some of the flaws of the overseas command and control ones.

Countries that implement these price controls overseas often experience long wait times for necessary care. Studies have shown that these wait times account for tens of thousands of additional deaths on an annual basis. There are also other problems with access to necessary care. Data shows that these nations are typically lacking in medical technology like MRI scanners and CT scanners. These machines are key to identifying critical problems.

Nations with price controls on prescription drugs also have far less access to specialty medications for deadly diseases. Drug makers often refuse to market their products in these countries because the price controls make it impossible to recoup the investments they made in researching and developing their products.

IPI is also a fundamentally anti-free market proposal. Prices convey information. They tell us how much a product is worth, or how much people would be willing to pay. Merely changing that price does not fix the underlying problem. Price controls will not fix the lack of competition in our market, in fact it will make it more likely that there will be fewer competitors. There are currently three different IPI proposals:

HHS: The Department of Health and Human Services has proposed implementing IPI on a trial basis for 50 percent of the recipients of Medicare Part B. There is no way to ensure this “trial” won’t impact the private market, and such a rulemaking is beyond HHS’s statutory authority.

Bernie Bill: Sen. Bernie Sanders (I-Vt.) and Rep. Elijah Cummings (D-Md.) introduced a proposal that would apply IPI to the entire healthcare market permanently.

GOP Imitation: Sens. Rick Scott (R-Fla.) and Josh Hawley (R-Mo.) have introduced an almost identical proposal which would apply the IPI to the entire healthcare market, but only for a period of five years.