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**NLARx Executive Director Warns Federal Trade Policies Threaten State-Level Drug Price Negotiations**

*Presentation to the American Public Health Association Global Trade Forum Points to Evidence from Past Trade Agreements and a New Proposed Multilateral Agreement on Pricing*

Maine Rep. Sharon Treat addressed the APHA Trade and Health Forum today, describing past and present efforts of the US pharmaceutical industry and federal trade officials to restrict evidence-based pricing of pharmaceuticals. A copy of her presentation is available on the [NLARx page on trade](#).

Evidence-based Pricing refers to the practice of comparing new therapies to existing ones to evaluate advances in safety, efficacy, and cost effectiveness, and constructing open formularies to guide patients towards the best options. State Medicaid programs rely on discounts they negotiate with pharmaceutical firms through evidence-based pricing strategies to provide medicines for over 58 million low income Americans.

The pharmaceutical industry has lobbied federal trade officials to seek the elimination or reform of the evidence-based pricing mechanisms used by foreign governments. Specific language was included in the bilateral trade agreements with Australia and Korea that require negotiators to favor “innovative” or “patented” drugs over existing (often generic) ones. Less formal consultations on drug pricing have taken place between US trade officials and their counterparts in Canada, France, Germany, Italy, Japan, New Zealand, and Taiwan. Last year, Pfizer CEO Jeff Kindler and the late Stanford Professor John Barton proposed to the Senate Finance Committee that trade officials should seek a “trade agreement among developed countries ... to ensure that pricing and reimbursement policies recognize and reward innovation, and to set disciplines on government practices that undermine incentives for innovation.” Government officials and industry representatives have met to further develop this proposal, but their meetings lack the transparency needed to know their exact plan of action.

State leaders who negotiate prices for programs serving low income Americans are alarmed that federal policy seeks to limit these types of negotiations. They have pushed back against these trade policies, and successfully lobbied for a provision in the Korea-US Free Trade Agreement that protects Medicaid. However, it is clear that trade officials seek to set international norms for negotiations that favor the branded drug industry, and the newly proposed trade agreement further threatens state-level price negotiations.

The National Legislative Association on Prescription Drug Prices’ Working Group on Trade helps states establish institutional mechanisms both to provide ongoing oversight over trade policy, and to educate their citizenry and policy makers about the connection between international trade policy and affordable prescription drugs. It is comprised of state legislators, trade and Medicaid experts, and representatives of state attorneys general.