

A Most Dangerous Time

As the political leaders in Washington begin considering major health-care reform, it's critical that they have a fair-minded view of the pharmaceutical industry and understand the role that corporate profits play in allowing these companies to continue making medical advances.

After six months of the new Obama Administration, it is clear health care likely will be reformed in his first term. No one can dispute that American health care is in trouble from both a financial and quality point of view. The current spending cannot continue to grow at its current pace and the holes in coverage are hurting our citizens.

The need for some changes to increase coverage and lower the rate of increases is apparent to all sides of the political spectrum. The right generally wants more free-market solutions and the left wants National Health with the government as single payer. Some form of compromise will likely be the

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answer passed by Congress, making neither side happy. President Obama seems pragmatic in recognizing he cannot tear down the private system, at least not in the short run.

What has also been clear is Obama's unhappiness with drug companies because of their higher U.S. prices and intense lobbying efforts to delay action to reduce them. He will likely take action to negotiate through Medicare and make patent extensions more difficult. In addition, he will support importing drugs from Europe and Canada.

We agree that more needs to be done to make drug prices lower, but Congress must recognize that forcing down prices through mandates is wrong. We warn the new Obama Administration to be aware of unintended consequences of making drug companies less profitable. The stock market has already punished the owners of those companies with much lower values for their investments. These so-called vastly profitable companies have certainly not been profitable for their investors. Most are down 50 percent from their highs, some down 75 percent. Any further pressure on their revenues will lead to more layoffs, less R&D spending, and more outsourcing of research to India and China.

The Swine Flu reminds all of us that we are one pandemic scare away from decimating our economy, in addition to the countless lives that could be lost with a virulent strain of infection. We need these drug companies to have excess profits to invest in cures and vaccines. The government cannot effectively develop and make vaccines. Who do they rely on to actually make the vaccines? We urge the Congress to consider the true precarious financial state of the drug companies. They represent a vital resource that underpins our health and safety. We can get quality cars made elsewhere, but we do not see drug cures coming from many other countries.

We admit the drug companies can do much more to lower prices for Americans who need the financial help. They can better promote their discount programs. They can limit price increases to match the CPI. They can do more to promote disease identification and prevention. They cannot do any of these things if they under an unfair attack on their ability to make a good profit. Ask the stockholders, who are the true owners, if they got rich from owning drug companies. Let's tone down the populist rhetoric that make evil-doers out of these companies and remember we need them to remain healthy money makers.

