



MEMORANDUM

Hillary Clinton Proposes \$250 Monthly Cap on Out-Of-Pocket Expenses for Prescription Drugs - September 24, 2015

Hillary Clinton took the stage at a forum in Des Moines, Iowa earlier this week to [propose a plan](#) that would place a \$250 monthly cap on out-of-pocket expenses for prescription drugs, would require most drug companies to spend a certain percentage of their profits on R&D (that definitely already happens in diabetes big-time though we don't know for each company how large it is), would end tax breaks for pharmaceutical companies (we're not positive if they receive that many now), allow Medicare to negotiate with pharmaceutical companies over prices (we felt sure this was already happening at least indirectly), and would enable Americans to import less expensive pharmaceuticals from abroad (this one surprised us perhaps even more than others - presumably authorities would want to make sure the drugs or devices were approved but maybe not? Some of this was fairly blithe discussion). These measures closely mirror a number of those issued in Vermont Senator Bernie Sanders' [proposed legislation](#) earlier this month, as both are competing to modernize the process by which drugs are approved, sold, and financed. In our view, capping the price of prescription drugs for some patients to some degree would prove to be beneficial. However, clearly some aspects of Mrs. Clinton's and Mr. Sanders' proposals may have unintended effects related to funds going into R&D. Capping patient spending would place more burden of cost on manufacturers, which rely on drug profits to power R&D, manufacturing, and marketing of new therapies. Some processes in the drug industry could stand to be updated; the challenge for Mr. Sanders, Mrs. Clinton, and other policymakers is to create legislation that will simultaneously facilitate ethical patient pricing and outstanding biomedical innovation.