NATIONAL TAXPAYERS UNION

January 21, 2026

Dear Chairman Anderson and Members of the House Health Care Facilities and Systems Subcommittee,

Thank you for the opportunity to share testimony on House Bill 697 (2026), *the Drug Prices and Coverage bill*. This proposal would effectively tie prescription drug reimbursement and pharmacy pricing to international reference prices rather than allowing market forces to determine costs.

While the goal of improving prescription drug affordability is understandable, HB 697 introduces government-mandated price controls that raise serious concerns about innovation, patient access, and long-term costs. Florida has worked hard to balance affordability with access in its health-care system, and policies that risk reducing drug availability or delaying new treatments would move the state in the wrong direction.

The National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, has consistently opposed government price-setting measures and has repeatedly cautioned against policies that rely on external price ceilings. NTU maintains that using foreign price controls as a benchmark for U.S. drug pricing is fundamentally flawed, as it imports distortions from other countries' systems instead of addressing the underlying drivers of drug costs here at home.

NTU's policy analysis and testimony have highlighted the economic risks of price-control regimes, including those that operate through reference pricing. In written testimony to the U.S. Senate Judiciary Committee, NTU stated that such proposals can reduce patient access to certain drugs, decrease investment in research and development of new therapies, and shift costs that raise prices elsewhere in the health system.

These are not hypothetical concerns. Many countries with strict government price controls have slower access to new treatments and lower penetration of innovative therapies than the United States. Economists and other free-market experts tend to agree that

manufacturers face weaker financial incentives to develop and launch new drugs when price controls are imposed. The basic laws of supply and demand are upended.

For lawmakers, the real-world impact of price controls is straightforward: when government sets prices below market levels, patients feel it first. Pharmacies and manufacturers adjust by limiting supply, access narrows, and new treatments take longer to reach the people who need them. What looks like savings on paper often shows up as higher costs elsewhere in the system.

Nearly 150 economists have warned that reference pricing and price controls "lead to shortages, squeeze the cost bubble toward other areas of the economy, and impose a deadweight cost on society," ultimately reducing investment in costly but life-saving research and development.

International reference pricing assumes that prices set in other regulatory environments are appropriate for U.S. markets. However, many benchmark countries use strict government price controls and limited market access, conditions the U.S. has avoided because of their negative effects on innovation and availability.

Rather than imposing price ceilings, more sustainable approaches include encouraging competition from generics and biosimilars, increasing pricing transparency, and streamlining regulatory approvals. Additionally, reforms to pharmacy benefit managers (PBMs) that ensure rebates and discounts flow directly to patients, and thoughtful reforms to the 340B program to improve transparency and ensure savings reach intended patients, are critical tools. These strategies can lower costs, improve patient access, and preserve incentives for innovation, without the unintended consequences of government-imposed price controls.

For these reasons, I respectfully urge the committee to reconsider HB 697 and explore alternatives that balance affordability with sustained innovation and patient access.

Thank you for your time.

Sincerely,

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