Stuyvesant affirms.

Our Sole Contention is Reference Pricing

McNeil '02 of Monash University explains that reference pricing is the process by which drugs are categorized into groups based on similarities in their functionality or therapeutic quality. Then, for each drug group, a single reimbursement level or reference price is set.

Reference pricing is the most likely implementation of price controls for three reasons.

First, domestic precedent.

> Frakt '16 of the New York Times reports that reference pricing was adopted in the California Public Employees' Retirement System, which decreased average prices by 20 percent.

Second, global precedent.

> Reference pricing is the most popular form of price controls in other developed nations, as Vogler '12 of the Austrian Health Institute finds that out of 29 developed European nations, 22 of them employed a reference price system.

Third, bipartisan support.

> Pear '18 of the New York Times reports that President Trump recently advocated for an American reference pricing scheme based on foreign markets, while Sullivan '18 of the Hill finds that House Democratic Leader Nancy Pelosi thinks there is "common ground" with Trump on drug pricing, and has touted the issue as a centerpiece of the Democratic party's agenda.

Reference pricing is good for two reasons.

First, increasing affordability.

> The American healthcare system is broken. Blumenthal '18 of the Commonwealth Fund writes that at the core of the nation's drug pricing problem are pharmaceutical monopolies protected by patents.

As a result, prescription drugs have become the fastest growing category of medical costs. According to Jena '18 of the Hill, Americans pay several times more for prescription drugs than the rest of the world.

Worse, Vizient '18 furthers that pharmaceutical prices will rise by at least 7% in the next year.

Luckily, reference prices can decrease costs. Empirically, Brekke '15 of the Norwegian School of Economics finds reference pricing in Norway reduced prices by between 34 and 43%.

Rising drug prices induce consumers to ration their prescriptions, as American Pharmacy News reports that 45 million U.S. adults couldn't fully fill a prescription in 2016 due to costs.

This is deadly, as Golin '12 of the Annals of Internal Medicine reports, 50% of medications for chronic disease are not taken as prescribed, causing 125,000 deaths every year.

Second, changing incentives.

Life-saving drugs are reaching fewer and fewer people, as Scannell '12 of Nature explains, the number of new drugs approved per billion US dollars spent on R&D has halved roughly every 9 years since 1950.

Engelberg '15 of Health Affairs writes that patent monopolies are the root cause of slow innovation cycles, because when a company can rely on selling one product for an extended period of time, it doesn't have any incentive to innovate.

Worse, Light '17 of Health Affairs confirms that 85-90% of all newly innovated drugs provide "little or no" advantage over current therapies, as corporations can simply produce a similar drug with a new patent.

Fortunately, under reference pricing, companies would have to innovate new drugs. Kanavos '03 of Health Affairs explains that reference pricing would encourage truly innovative products by placing them within a higher drug class`, and thus the company would get rewarded with commensurately higher prices.

Keyhani '10 of the American Journal of Public Health verifies that most countries with reference drug pricing systems have higher rates of innovation per capita than America.

Moreover, companies are discouraged from clinging to monopolies on a single profitable drug. Brekke confirms, reference pricing in Norway increased market competition, reducing the share of monopolies by 37% and increasing the production of generic drugs by 140%.

Incentivizing innovation is critical, as Kiser '09 of JAMA writes that many fatal diseases still lack medical treatment to slow or stop their course, plaguing millions of people worldwide.

Hooper of the Library of Economics and Liberty furthers that since drugs are cheap to manufacture, new treatments can be sold for much lower prices in the developing world. For example, the anti-AIDS drug Crixivan was sold at a tenth of its normal price to poor countries in Africa and Latin America.

The World Health Organization ultimately finds that at least 30 new diseases have emerged in the last 20 years and now threaten the health of hundreds of millions of people. For many of these diseases, there is no treatment or cure.

Time is running out, which is why we are very proud to affirm.