I affirm: Resolved: The United States federal government should impose price controls on the pharmaceutical industry.

Our Sole Contention is Increasing access
Healthcare spending is on the rise. According to Bloom of CNBC in 2017, "the average American spent more than twice the per capita average of other developed nations" on drugs and "experts predict continued sharp increases." Subsequently, access across the board goes down. Price controls change this in two ways.

Subpoint A: Reducing price inflation
Regulations check back for unreasonable prices. Kasik of Modern Health Care explains in 2017 that "between 2006 and 2015 about two-thirds of drug companies saw their profit margins increase by an average of 7.1%. Drug companies race prices at a rate far exceeding inflation because they can in the absence of regulation." Furthermore, Holt of the University of Bergen in 2018 finds price controls could increase efficiency and "reduce an advantage for large health care plans" by taking away the costly process of cost negotiations with hospitals and "increase competition among payers."

This has two impacts.

1. Increased insurance coverage. Baker explains in 2017 that when the costs of medications go up, so do the cost of healthcare for individuals covered by federal programs and health insurance providers who transfer the costs onto patients with either more expensive care or less coverage. In fact, Heath of Patient Engagement reports in 2018 that high drug prices account for one-quarter of patient insurance costs and the Kaiser Foundation finds in 2017 that the number one reason for not having coverage is the high cost. This is important because Cecere of Harvard finds in 2009 that nearly 45,000 annual deaths are associated with a lack of health coverage and the Atlantic finds in 2017 that even the insured often can't afford their medical bills with expensive drugs increasingly likely to require a higher co-pay or not be covered at all.
2. Increased cure-rates. Chin of the New York Post writes in 2017 that one in four American families have had to turn down medical care that they needed because of the cost. For example, Rosenberg of the New York Times writes in 2018 that an HIV treatment that "costs $75 a year," costs $39000 a year" in the US. "Just half of all the people living with H.I.V. in the United States have successfully suppressed the virus," a rate worse than that of Zimbabwe, Kenya, and Malawi because of the high cost of drugs. The Hill furthers in 2012 that over 50 million Americans skipped filling a prescription due to cost. Brody of the New York Times in 2017 further explains that this is dangerous because drugs don't work when you don't take them and the lack of adherence to prescriptions has increased hospitalizations by 10%.

Subpoint B: Effective innovation

Price controls would increase the effectiveness of innovation. Canoy argues in 2016 that "if companies [are able to artificially inflate prices], companies invest too many resources in projects where they can expect to gain more and too few resources in other valuable drug development projects." He concludes that enforcing lower prices does not harm innovation but improves it by encouraging productive investments over profitable ones, as the profit incentive is taken away. Herper of Forbes in 2014 explains why, arguing that "with high prices available to every new drug for cancer, companies are" competing for the highest profits, not the most effective treatments. Put simply, Indicating companies rely on high prices, not big markets, to make profit, Chapman of the Journal of Pharmaceutical Care concludes in 2017 that price regulation "would encourage pharmaceutical innovation for diseases that afflict large populations, but have few effective treatments."

This has one key impact.

1. Finding a cure. Balasegaram of the PLOS finds in 2014 that "we are seeing a complete lack of research and development into areas of real need" like malaria, tuberculosis, and antibiotic resistance. Pharmaceutical companies lack the incentives to develop drugs against diseases that primarily affect the poor in favor of developing drugs that allow them to make big profits in lucrative markets. This is important because according to O'Neill of LIFE in 2014, the diseases that are being ignored are the ones that will kill us. About 700,000 people die every year from drug resistant strains of common bacterial infections, HIV, TB, and malaria. Unless action is taken, this number could balloon to 10 million lives each year by 2050.

Thus, we affirm.

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4244177/

The analysis is conducted in the standard expected utility framework, where well-being, or "utility", is a function of both health and wealth [8]–[10]. We employ recent empirical findings in [11] about the shape of the utility function of health and wealth to formulate a model of the optimal monopolistic pricing of breakthrough drugs. This optimal monopolistic price then serves as the basis for price regulation, i.e. the regulated price is determined in terms of the monopolistic price. Thus, the model provides a theoretical foundation and benchmark for setting price caps. The model allows us to quantify the costs and benefits of drug price regulation. We find that mild price regulation can substantially increase consumer surplus and the number of patients using the drug, while having only a second-order effect of the revenues of the pharmaceutical companies. **For example, setting the price cap at 20% lower than the optimal monopolistic price increases the consumer surplus by about 10%, and increases the number of patients using the drug by about 23%. This increase in the number of users almost completely offsets the adverse effect of the price regulation from the perspective of the pharmaceutical company – its revenues decrease by only about 1%.** However, more aggressive price regulation leads to a substantial revenue reduction, and may stifle innovation. The price caps in OECD countries, which are up to 67% lower than the U.S. unregulated prices, lead to a lower ratio between the consumer surplus and the loss of revenue for the pharmaceutical company, and thus certainly seem excessive. **There seems to be a "golden path" of mild regulation that on the one hand greatly improves patient welfare, and on the other hand does not stifle the pharmaceutical industry and the important economic incentive for drug innovation.**