

## Political Strategy Memo #1: Federal Drug Pricing Reform (Early 2022)

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In early 2021, the Senate runoff victories of Jon Ossoff and Raphael Warnock handed national Democrats unified government: they held the White House, the House of Representatives, and the Senate. This new dynamic ushered in the possibility of a long-term Democratic goal: passing legislation that would help rein in drug costs, particularly for Medicare beneficiaries. However, those goals were far from assured; the Senate was held by the thinnest-possible margin<sup>1</sup> and Speaker Nancy Pelosi had few votes to spare in the House.

In early 2021, advocacy groups organized to generate momentum for prescription drug price reform; President Joe Biden called for such reforms (and Medicare drug price negotiation specifically) in [remarks](#) to a Joint Session of Congress. Throughout the latter half of 2021, congressional Democrats hammered out policy details and political deals in the Build Back Better Act (BBBA). After a small number of moderate House members secured concessions on drug pricing, the BBBA narrowly passed the House (220-213) on November 19, 2021.

The bill was [expected to change in the Senate](#), at least modestly, in order to secure two crucial swing votes: Sen. Joe Manchin of West Virginia and Sen. Kyrsten Sinema of Arizona. However, negotiations ended abruptly, exactly one month after the House passed their version of BBBA, when Sen. Manchin announced during a Fox News interview that he would not be supporting the package. The fate of drug pricing reform—and everything else that had been rolled into the sweeping legislation, but this case focuses on drug pricing reform—was suddenly unknown.

**Goals:** Memos should be written from the perspective of a political adviser (specialized in health policy) to your assigned case actor (next page). If your stakeholder is Patients for Affordable Drugs or President Joe Biden, your memo should advise what actions should be taken to maximize the likelihood that the most or all drug pricing provisions in the BBBA are taken back up—and passed—by Congress in 2022. For PhRMA and Sen. Mitch McConnell, you should advise what actions should be taken to maximize the likelihood that meaningful drug pricing reforms are *not* taken up by Congress in 2022.

**Timing:** Imagine your boss has asked you to think about what steps will be necessary over the next three to six months.<sup>2</sup> Please write your memo based as if it is dated **January 3, 2022**, just as members of Congress and their staff are returning from the holiday recess.

*The teaching team gratefully acknowledges Sarah Kaminer Bourland, RN, MPH (Legislative Director at Patients for Affordable Drugs) and John Barkett, MBA (former Senior Policy Advisor at the White House Domestic Policy Council)—both alums of HPM 247—for conversations that greatly enriched the development of this case.*

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<sup>1</sup> The Senate was technically split 50-50 between Democrats and Republicans, but in cases of 50-50 tied votes, the Vice President (in this case, Kamala Harris) casts the deciding vote. This is why an evenly split Senate is considered to be in the “control” of the party that holds the White House. Democratic Senator Chuck Schumer was the Majority Leader in the Chamber, whereas Republican Mitch McConnell is considered the Senate Minority Leader.

<sup>2</sup> Use “three to six months” as a loose guide. We’re not trying to box you into a timeline but do want you to be thinking about a medium-term strategy; a new legislative deal is not likely to appear overnight, but you have no way of knowing how long it will actually take (if a deal materializes at all). **In essence, your memo is answering the question prompted by Sen. Manchin walking away from BBBA negotiations in late December: “Now what?”**

**Reminder:** Please use your HUID (not your name) on your memo to facilitate anonymous grading.

Last Name	Case Actor	Background
A–Cal	President Joe Biden	<p>President Biden was a strong champion of the drug pricing provisions in the BBBA and had been negotiating directly with Sen. Manchin to try to ensure that the package would be passed. On December 6, he gave a speech at the White House specifically highlighting the drug price reforms.</p> <p>Following Sen. Manchin’s Fox News December 19 interview, the White House put out a stern statement asserting that the senators comments during the interview were “at odds with his discussions this week with the President, with White House staff, and with his own public utterances” and that “Senator Manchin will have to explain to those families paying \$1,000 a month for insulin why they need to keep paying that, instead of \$35 for that vital medicine.”</p> <p>Beyond being a strong advocate of on policy grounds, the President is also conscious that failure to pass these drug pricing reforms could adversely affect Democrats’ prospects in the 2022 midterms. Although multiple features of the BBBA may matter, please write the memo as though you’ve been asked to focus specifically on making sure that Congress takes up meaningful drug pricing reform of some kind in 2022.</p>
Cas–J	P4AD	<p>Patients for Affordable Drugs (P4AD) is an advocacy organization dedicated to advancing robust drug pricing reforms, including drug price negotiation in Medicare.</p> <p>P4AD is better funded (primarily by the Laura and John Arnold Foundation) than many similarly positioned organizations. Although P4AD itself is a 501(c)3 nonprofit which is subject to lobbying limits, the organization has a 501(c)4 arm (P4AD NOW) that can lobby freely. <i>(Do not feel the need to make this distinction in your memo, we just want you to know that there are no rigid limits here.)</i></p> <p>The organization invested heavily to ensure that strong drug pricing provisions made it into the BBBA and is worried that if reform does not pass in 2022, the next opportunity—depending largely on the outcome of the midterms—could be years away.</p>
K–O	PhRMA	<p>Pharmaceutical Research and Manufacturers of America (PhRMA), the nation’s largest trade group for pharmaceutical companies, strenuously objects to any reforms that give government more leverage over drug pricing. Failure to prevent Medicare drug price negotiation from getting into the bill would be a historic failure for the industry group, which had successfully held that policy at bay for decades, despite its broad popularity.</p> <p>PhRMA generally objects to any drug price reforms being taken up by the Congress, but in particular wants to make sure that Congress abandons the Medicare drug price negotiation provision under consideration.</p>
Q–Z	Sen. Mitch McConnell	<p>Sen. Mitch McConnell opposes the drug pricing reforms, such as the ones included in the BBBA, on the grounds that they are government overreach. When House Democrats passed H.R. 3 in 2019 (a more ambitious set of reforms that what was included in BBBA), McConnell—who controlled the Senate at the time—said, “Socialist price controls will do a lot of left-wing damage to the healthcare system. And of course, we’re not going to be calling up a bill like that.”</p> <p>In addition to his ideological opposition, Sen. McConnell is worried that a Democratic victory on drug pricing might diminish the prospects of Republicans potentially retaking the House and/or Senate in the midterm election.</p> <p>Although Sen. McConnell is likely to oppose various parts of any legislative package that Senate Democrats put forward, please focus this memo on trying to make sure that Congress does not take up drug pricing reforms, specifically.</p>

## **Resources and Readings for Case 1**

None of these readings are specifically required but are meant to offer a comprehensive starting place for you to learn more about the political context of this debate and how your stakeholder fit into it. Different readings may be more (or less) informative for different case actors. All items are ordered chronologically within category. To enhance the benefit of hindsight, we have included resources that postdate when the memo is supposed to be written (January 3, 2022); when that is the case, publication dates are noted in **red**.

We have tried to be thorough, but you may benefit from conducting additional stakeholder-specific research beyond these provided resources.

### **Policy background and public opinion polls**

Kirzinger A, Kearney A, Stokes M, Hamel L, Brodie M. [The Public Weighs In On Medicare Drug Negotiations](#). KFF. Published October 12, 2021.

Hamel L, Lopes L, Kirzinger A, et al. [Public Opinion on Prescription Drugs and Their Prices](#). KFF. Published October 20, 2022. Accessed February 1, 2023.

Sachs R. [Understanding the New Drug Price Reform Deal](#). Health Affairs Blog. Published online November 4, 2021.

Cubanski J, Neuman T, Freed M. [Explaining the Prescription Drug Provisions in the Build Back Better Act](#). KFF. Published November 23, 2021.

Sachs R. [Understanding The Democrats' Drug Pricing Package \[in the Inflation Reduction Act\]](#). Health Affairs Blog. Published online **August 10, 2022**.

### **News articles**

Everett B. [McConnell warns Pelosi's drug-pricing plan is DOA](#). POLITICO. Published September 19, 2019

Knight V, Pradhan R, Lucas E. [Pharma Campaign Cash Delivered to Key Lawmakers With Surgical Precision](#). Kaiser Health News. Published October 27, 2021.

Torbati Y, O'Connell J. [Pharmaceutical industry likely to shatter its lobbying record as it works to shape Democrats' spending bill](#). Washington Post. Published November 8, 2021.

Rosenthal E. [Public opinion is unified on lowering prescription drug prices — why are Democrats settling for less?](#) Los Angeles Times. Published November 16, 2021.

Klein B, Luhby T, Vazquez M. [Biden says he wants his social safety net bill passed "as early as we can get it" as negotiations drag on](#). CNN. Published December 6, 2021.

Cathey L. [Biden touts provisions to lower cost of prescription drugs in Build Back Better Act](#). ABC News. Published December 6, 2021.

Diamond D. [Democrats' plan to cap consumer insulin costs faces GOP threat, skeptical advocates.](#) Washington Post. Published December 13, 2021.

Prokop A. [Joe Manchin cancels Build Back Better's Christmas party.](#) Vox. Published December 16, 2021.

Becket S, O'Keefe E. [White House blasts Manchin's "inexplicable reversal" on Build Back Better Act.](#) CBS News. Published December 20, 2021.

Cochrane E, Sanger-Katz M. [Democrats Offer Plan to Cut Drug Costs, Seeking Climate and Tax Deal.](#) The New York Times. Published **July 6, 2022.**

Kansteiner F. [The fight is on: As US pricing reform advances through Congress, pharma gears up for a brawl.](#) Fierce Pharma. Published **August 11, 2022.**

### **Political statements, press releases, and other miscellany**

[Democrats' Reckless Taxing and Spending Spree Meant to Turn Temporary Pandemic into Permanent Socialism.](#) Statement by Republican Leader Sen. Mitch McConnell on the floor of the U.S. Senate. Published September 20, 2021.

[New Analysis Confirms Government Price Setting Leads to Reduction in R&D Investment and Delayed Access to Medicines.](#) PhRMA. Published November 23, 2021.

[Remarks by President Biden on Prescription Drug Costs.](#) The White House. Published December 6, 2021.

[Statement from Press Secretary Jen Psaki.](#) White House Briefing Room. Published December 19, 2021.

[P4ADNow To Congress: Drug Price Provisions Are Overwhelmingly Popular and Urgently Needed; Must Be Included as Negotiations Continue On Reconciliation.](#) Patients For Affordable Drugs Now. Published December 20, 2021.

[New Analysis Finds More than Half of Brand Medicine Spending Goes to the Supply Chain, Middlemen and Other Stakeholders.](#) PhRMA. Published **January 7, 2022.** *(While publication of this report technically postdates the memo timeframe by a few days, it was commissioned by PhRMA, so they would have known it was forthcoming and likely had seen a draft by January 3. You may assume this if you are PhRMA.)*

[Senators McConnell and Durbin on Prescription Drug Costs.](#) C-SPAN. Published **July 18, 2022.**  
(VIDEO)

Freire JP. [Analysis: Americans Don't Support Surrendering Innovation for Democrats' Drug Price Controls.](#) Ways and Means Republicans. Published **August 4, 2022.**

## Political Strategy Memo Guidelines

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Political strategy memos should be no more than **3 pages**, double-spaced, one-inch margins, with no less than 11-point font (Times New Roman or equivalent), in Word.

There is no set “format” for composing a political strategy memo, but guidelines will be offered during early sessions in the course, and the teaching will post examples of exemplary memos the first few weeks of the course.

Strong memos, regardless of how students choose to organize them, should reflect on and incorporate the key elements below: goal(s), political environment, key decision makers, the political strategy itself, and strategic assessment. We offer *suggested* lengths for each of these elements, though they should be considered loose guidelines rather than hard-and-fast rules. Similarly, **the bullets and questions posed for each element are intended to help guide brainstorming**; students should not consider them a “checklist” where the memo needs to answer every single question.

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### Goal(s) (1-2 sentences)

- Decide what your group or individual’s policy position is, and articulate how it relates to the mission (or personal/professional goals) of the individual/group

### Political environment (~1/2 page)

- Where is the issue on the agenda of stakeholders, the political party in power, the media, and public opinion? Is it rising or declining in attention? Where is the issue on professional and scientific agendas?
- Is this a high, medium, or low salience issue [and how does that affect your strategy]?
- Where are you in the election cycle, legislative cycle, and budgeting cycle?
- Assess the strengths and weaknesses of your stakeholder to influence the environment vs. that of your opposition
  - Resources (staff/external funding)
  - Volunteers/endorsements
  - Support by key legislators and interest and advocacy groups
  - State of public opinion/media coverage and editorial opinion

### Key decision makers (~1/2 page)

- Identify actors/government organizations who make the policy decision (i.e., President, Governor, Secretary, Congress, Legislature)
- Where do these key decision makers stand, and why do they take these positions?
  - What is their stated or implied position (party/ideology/religion/interest groups, etc.)?
  - What are the views of the media, public opinion, etc.?
  - Voting history, election outcomes, other relevant history?

### Political strategy (~1.5 pages)

- What is the likelihood this issue will be acted on in your direction within the window of interest?
- What has your stakeholder/organization been doing on this issue in the past 6 months?
- Based on an assessment of the political environment and the strengths and limitations of your stakeholder in influencing the process, outline a strategy by:
  - Considering which tactics are appropriate and feasible for your actor. **Not every tactic is appropriate for every actor.** Some examples of tactics include (*refer also to the strategy table*):

- Convincing potentially supportive political leaders to take action (offer political support to swing members—contributions, volunteers, awards, media coverage)
- Activating contributors and volunteers to potentially campaign for the issue
- Trying to elicit supportive media coverage for your policy position
- Buying media advertising for your message
- Writing editorials and seeking major media endorsements
- Trying to get politically influential experts or celebrities to speak out
- Building a coalition of like-minded groups
- Organizing “grassroots” groups’ responses, focused on decision-makers
- Using litigation, ballot initiatives, and/or referenda
- Creating and disseminating new policy research and information
- Influencing the elections of key politicians
- Direct lobbying of selected policy makers
- Presenting powerful evidence/facts supporting your choices, and framing them to provide compelling messaging
- Developing a persuasive message for your policy position (including targets and timing)
- Considering the target audience of your strategy, and including the timing on when to take action
- Considering which parts of your strategy should be kept confidential vs. public

**Assessment of strategy** (~1/2 page):

- Does your strategy have any particular strengths/benefits or weaknesses/risks that your boss should be aware of?
  - How is your position viewed by key decision-makers, the public, or the media? Are those views likely to bear on your strategy’s odds of success or failure?
  - Are there anticipated changes (or sources of uncertainty) in the political environment? If so, can your strategy flexibly adapt to changes or uncertainty?
  - Is revenue likely to be a concern?

**General Tips:**

- The strategy is the most important part of your memo. A good strategy will be suited to the strengths and weaknesses of your actor and specifically address obstacles and opportunities that you have outlined in your discussion of the political environment. Strategies are particularly strong when they are flexible to uncertainty.
- Creativity in a strategy will be rewarded, as long as it is realistic.
- Be concise and choose each word carefully. Remember that your actor may only have a few seconds to scan your strategy memo, so you should make use of headings, bullet points and effective use of bolded/underlined/italicized text. This writing style is very different from an academic paper!
- References should be included on separate pages and do not count toward the page limit.