

WILL OBAMA'S EMPLOYMENT BILL DESTROY 238,000 PHARMA JOBS?



The new report is warning that President Obama's proposed American Jobs Act would lessen pharmaceutical-related jobs by as many as 238,000 by 2021. This is due to the fact that there is a provision of the bill that would require prescription drug makers to pay rebates to the federal government for medicines that are dispensed to enrollees in both Medicare and Medicaid health programs. These health programs are known as the "dual eligible" and other low-income seniors are apart of this as well because many are active through the Medicare's prescription drug benefit, which is known as Part D. The report, which was published by the American Action Forum, states that such mandatory Part D rebates could cause chaos. People would be out of work, seniors and privately-insured patients would be paying more and slow R&D into new drugs. The Office of Management and Budget (OMB) reported that to add Medicaid-style rebates to the Medicare Part D program, it would result in \$135 billion in additional rebates to the federal government for over 10 years. *However, says the Forum report, "at a minimum, these additional rebates would constitute a direct, dollar-for-dollar reduction in revenue to the pharmaceutical industry. In a less-than-best case, the rebates would make at least some drugs money-losers - these drugs would be withdrawn from the market and the revenue reduction would be even larger than the new payments to the federal government."* The revenue reduction plan would still result in reduced payroll employment, reduced profits and higher prices for other buyers. The Forum report also says that it could result in reduced investment in R&D by "slowing the process of bringing new drugs to market and imposing further costs on both patients in need of new treatments and on the industry." The Forum is forecasting that 238,000 jobs by 2021 could potentially be lost. It would result from direct employment in the pharmaceutical industry and indirect employment in companies who supply goods and services to the sector. Plus, this does not even take into account the possible downstream effects on distributors, pharmacies, etc. *Moreover, The Forum comments, the fact that the OMB assessment did not provide any estimates of the effects of the Administration's proposal on jobs are "somewhat ironic, in that the President's proposal came in the context of his 'jobs bill'."* The Senate rejected the President's American Jobs Act about a month ago. All of the Republicans in the chamber voted to block the measure. President Obama is actively trying to get as much support he can receive with his Act. He has been touring the country to spread his message and according to some economists, the Act would actually create around two million jobs and help stimulate the economy by two percentage points. *However, given the unlikelihood that the Act will pass Congress as a complete package, "we're going to chop it up into bite-sized pieces and give [the Republicans] another chance to look out for your jobs instead of looking out for their own jobs," Pres Obama told a meeting in North Carolina on Monday.*

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