January 3, 1991

CONGRESSIONAL RECORD—HOUSE 117

By any measure, the Orphan Drug Act has been a tremendous success. A total of 169 drugs have been approved under this program, and 370 others are in the development stage. These drugs have provided lifesaving treatments for such terrible diseases as cystic fibrosis, Lou Gehrig's disease, and sickle cell anemia. These treatments have dramatically improved the quality of life for those who suffer because of these conditions.

I have serious concerns about the effect the H.R. 4638 would have on the incentives for drug companies to develop orphan drugs. I believe we must not endanger the success of the Orphan Drug Act. Accordingly, I am withholding my approval of H.R. 4638.

H.R. 4633—MEMORANDUM OF DISAPPROVAL

I am withholding my approval of H.R. 4633, the "Orphan Drug Amendments Act of 1990." Although this legislation contains constructive provisions, it would severely constrain Presidential authority in carrying out foreign policy. This bill would certainly discourage development of orphan drugs that the Federal Government may prove in the future. This retroactive rule requires the Food and Drug Administration to withdraw the marketing exclusivity awarded the market exclusivity of an orphan drug for 7 years. Weakening the current 7-year exclusivity provision would certainly discourage development of desperately needed new orphan drugs.

Under current law, firms may only apply to develop the same orphan drug, but only the first firm to have its drug approved receives market exclusivity. The certainty of this 7-year advantage is a powerful incentive of the economic incentive to attract drug firms to invest in orphan drugs. The bill would make two major changes to the current exclusivity provisions of the Orphan Drug Act. First, the bill provides for "shared exclusivity." Firms that can demonstrate that they have developed the orphan drug simultaneously would be allowed to share the market, with the firm that initially awarded the market exclusivity. Second, the bill requires the Food and Drug Administration to accelerate the market exclusivity as soon as the patient population exceeds a 200,000 patient limit. Both of these changes have the effect of weakening the marketing incentives of the Act. Under the bill, the length of the market exclusivity period will depend on how quickly the patient population grows and whether other firms file claims for simultaneous development.

In addition, as currently constructed, the 200,000 patient population limit would be applied to orphan drugs approved prior to the enactment of the bill as well as to those approved in the future. This retroactive rule change would send a troublesome signal to all those who might wish to develop orphan drugs that the Federal Government may change unilaterally the rules for firms that made investment decisions based on the expectation of 7 years of market exclusivity.

I am aware that this bill was passed after a number of compromises among Members of Congress. I am extremely concerned, however, that individuals with rare diseases may suffer because of changes that this bill would make in the incentives to develop new drug treatments. Accordingly, I am withholding my approval of H.R. 4638.

GEORGE BUSH.