

Investors Urged to Prioritise Accessible US Healthcare



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Donald Trump's decision to repeal existing measures unlikely to dissuade investors from engaging with pharmaceutical companies.

Investors have been warned that the US President's decision to scale back access to affordable and life-saving medication and healthcare will have far-reaching social and financial implications.

A flurry of executive orders signed by Donald Trump on his first day back in the White House included shelving those signed by his predecessor to make healthcare more affordable for low- and middle-income US citizens and withdrawing the country from the World Health Organization (WHO).

"As investors, we view [these latest measures by Trump] as a huge mistake," said Meg Jones-Monteiro, Senior Director of Health Equity and Evaluation at the Interfaith Center on Corporate Responsibility (ICCR), a membership organisation including faith-based firms, asset managers, pension funds and NGOs.

"If people can't afford to go to the doctor and can't afford the treatment that they need, then they won't get better," she told *ESG Investor*.

"If they don't get better, then they can't work. If they can't work, then companies can't make/deliver goods and services. If there are no goods or services being produced, then the companies can't make money. The health of the economy is key to the performance of portfolios. Risks to people are risks to the economy."

In 2022, former president Joe Biden finalised the **Inflation Reduction Act (IRA)**, signing into law measures to **prevent** drug price increases from surpassing inflation. Trump has now **rescinded** these measures, including **weakening the Affordable Care Act** (also known as Obamacare), and measures that reduced the cost of prescription drugs for people on Medicare and Medicaid, programmes that chiefly serve older and lower-income Americans.

Trump's pick for health secretary is Robert F Kennedy Junior, a known vaccine sceptic. His **confirmation hearing** was this week.

If confirmed, Kennedy will sit at the helm of the Department of Health and Human Services, an agency with a US\$1.8 trillion budget that oversees the Food and Drug Administration and Centers

for Disease Control and Prevention. It also directly insures 145 million people on Medicare and Medicaid.

Prescription drug prices in the US are currently **2.78 times higher** on average than in other countries.

“It’s important to recognise that money will not be made in any sector – whether it’s AI or telecoms or real estate – if peoples’ health is not guaranteed,” said Jayasree Iyer, CEO of the **Access to Medicine (ATM) Foundation**.

Global isolation

Trump’s additional **executive order** to withdraw the US from the WHO has raised concerns about the impact on global health – as well as questions over whether he has the authority to do so without congressional approval.

This bid to leave the WHO follows Trump’s criticisms of the organisation for how it handled Covid-19 and the amount of money it receives from the US – **more** than any other country.

“The decision for the US to leave the WHO is devastating and clearly not in the best interest of [the country],” said Jones-Monteiro.

“It is a key multilateral organisation that implements programmes in key member states, sets standards and guidelines around key health issues, and helps to mobilise key actors during outbreaks, epidemics and pandemics such as the global COVID-19 pandemic.”

In recent days, Trump also called for a **federal funding freeze**, which placed pressure on essential nationwide healthcare services – including the **President’s Emergency Plan for AIDS Relief (PEPFAR)**.

“This is critical in supporting and driving access to HIV medicines and, more recently, preventative care products in over 100 countries around the world,” said Iyer.

Frank Wagemans, Senior Engagement Specialist at Achmea Investment Management, highlighted the importance of maintaining high levels of global collaboration on health facilitated through WHO.

“This is especially topical as the **spread** of H5N1 [bird flu] is of great concern,” he said.

Pushing ahead

These latest decisions by Trump have emphasised the continued need for investors to engage with **pharmaceutical** companies and the healthcare industry on the **social** and financial risks associated with limiting access to affordable medication and treatment.

Last year, investors filed **several shareholder resolutions** at leading pharmaceutical firms ahead of the 2025 proxy season, asking for formal human rights due diligence assessments to ensure

companies are acting to increase the access and affordability of their medicines.

“We would hope that Trump’s actions would not impact how shareholders vote as the issues that we raise in our resolutions speak directly to concerns that are material and salient to companies’ business,” said ICCR’s Jones-Monteiro.

Companies targeted by these resolutions include Moderna, AbbVie and Eli Lilly. They have been accused of deploying tactics to maintain high margins on their most popular products, such as using multiple patents to extend periods of exclusivity and limit the availability of generic, lower-cost alternatives.

Patents give companies exclusive rights to new drugs they discover and design, as well as any associated profits, for a set period. This stops more affordable or generic versions of a drug from being developed and released into the market over this period. The standard duration for medical patents in the US is 20 years.

AbbVie previously delayed competition for its anti-inflammatory drug Humira by **filing** over 100 patents to prevent the development of generic rivals. AbbVie raised Humira’s price almost 30 times.

“These moves [by Trump] make investor action even more important to hold companies accountable and ensure the guardrails don’t completely disappear,” said Lydia Kuykendal, Director of Shareholder Advocacy at Mercy Investment Services.

“Reminding companies that diversity, equity and inclusion initiatives strengthen our economy, healthcare is a right, and [the necessity of] transparency will become essential over the next several years.”