

GOP Health LAs,

You all have received many inquiries related to the ESRD drug-related provisions in the American Taxpayer Relief Act (ATRA). At our request, CBO has completed an estimate of the budgetary impact of various policy changes related to the oral drug policy which include extending the delay, removing the drugs from the bundle, and repealing the delay. Due to the significant uptake of generic competitors for these products over the near term, CBO's estimates show that extending the delay to 2018 – an additional 2 years, would achieve more than \$1 billion in additional savings for the Medicare program. It should also be noted that this will drive savings for Part D beneficiaries, due to lower out of pocket costs.

CBO estimated that the continuation of the current policy (excluding the Part D drugs from the bundled price) would yield an additional savings in the range of approximately \$2 to \$4 Billion over the next ten years.

- CBO has estimated that extending the delay to 2017 would achieve approximately \$500M in savings, thanks to the competitive Part D market dynamic coupled with more intensive generic erosion.
- CBO has estimated that extending the delay to 2018, adding an additional 2 years to the delay of inclusion, would achieve approximately \$1.3B in savings.
- CBO has estimated that a repeal of the existing provision that delayed inclusion of these therapies in the bundled payment rate rounds to a savings of \$100M.

We continue to believe, and are now affirmed by these estimates from CBO, that this policy was the right policy for patients, providers, and taxpayers.

Don't hesitate to reach out if you have any additional questions.

Regards,
Dan