

March 18, 2013

Dear Member of Congress

We are writing to express our strong opposition to requiring the Secretary of Health and Human Services (HHS) to negotiate prescription drug prices in the Medicare Part D program. We believe that this approach damages a successful and popular program and ultimately will not achieve savings unless the government restricts access to medications, which would unnecessarily harm beneficiaries. As a result, we urge you to reject government interference in Part D negotiations.

Part D Plans Already Negotiate on Behalf of Beneficiaries

Proponents of allowing HHS to negotiate drug prices often assume that because HHS is precluded from negotiations, no negotiations to lower drug costs currently take place. In fact, the opposite is true. Part D plans already negotiate discounts and rebates with manufacturers as a condition of participation in Medicare. The Medicare Trustees have found that these rebates are often as high as 20% to 30%, and average rebates have increased each year. Additionally, CBO has found that Part D plans “have secured rebates somewhat larger than the average rebates observed in commercial health plans.”

The Government Accountability Office (GAO) has also reported that Part D plans lower costs for beneficiaries “through their ability to negotiate prices with drug manufacturers and pharmacies.” These privately negotiated savings are passed through to beneficiaries in the form of lower premiums, deductibles, and copays.

Evidence Shows Current Part D Negotiations Are Robust and Produce Significant Savings

As a result of several factors, including current Part D negotiations, 10-year program costs are \$346 billion (or 45%) less than originally projected. Average premiums are steady at \$30 per month in 2013, virtually unchanged in the past three years and less than half of the \$61 forecast originally. The Centers for Medicare & Medicaid Services (CMS) also recently announced that Part D deductibles and cost-sharing will decrease in 2014 for the first time. Moreover, the program is realizing significant savings while beneficiary satisfaction with Part D remains high at 90 percent, according to a recent survey.

No Significant Savings Under this Proposal Unless Access to Medicines is Restricted

It has been suggested this proposal is a way to constrain Medicare cost growth as part of a package to reduce the federal deficit. However, for the reasons stated above, the Congressional Budget Office (CBO) has repeatedly said this approach would have a negligible impact on federal spending unless HHS were to limit access to prescription medications. CBO has stated, “...the negotiating lever that's used to lower drug prices is the threat of not allowing that drug to be prescribed or putting limitations on its being prescribed within that drug plan.” Thus, to achieve any significant savings, the government would need to impose access or coverage restrictions on medicines. Clearly, the desire to reduce Part D spending by requiring the Secretary to negotiate prices is unlikely to produce the budget savings as many proponents hope or promise. In fact limiting options will result in costs shifting to the private sector and increase already nearly unmanageable health care costs.

Restricting Access to Medicines Harms Patients

Restricted access to affordable prescriptions means patients may not take the medicines they need. Taking medicines as prescribed can improve health outcomes and avoid costly ER visits and hospitalizations. According to a study in the *Journal of the American Medical Association (JAMA)*, the implementation of Part D was followed by a \$1200 decrease in non-drug medical spending in the second year of the program for each beneficiary who previously had limited or no drug coverage. Thus,

proposals that limit beneficiary access to needed medicines could lead to higher costs in other more expensive healthcare settings. We are concerned that if such a proposal were adopted it would do more harm than good by increasing costs for Medicare and ultimately the private sector.

We question the wisdom of requiring the Secretary to negotiate drug prices in a program that works well, continues to be significantly under budget forecasts, and that seniors and disabled individuals know and trust to meet their needs. We strongly oppose the proposal to and urge Congress to reject government interference.

National:

Action CF
Aids Institute
Alliance for Aging Research
Alliance for Patient Access
American Autoimmune Related Diseases
American Foundry Society
American Military Society
American Society of Employers
Asian Americans for Community
Involvement (AACI)
Association of Black Cardiologists, Inc.
Blue Ribbon Advocacy Alliance
Caregivers Action Network
Center for Medicine in the Public Interest
Chemical Coaters Association International
Healthcare Leadership Council
HealthHIV
Industrial Heating Equipment Association
Interamerican College of Physicians &
Surgeons
Intercultural Center for Health Research
and Wellness
Lupus Research Institute

Multiple Sclerosis Association of America
National Alliance on Mental Illness
National Association of Manufacturers
National Association of Nutrition and Aging
Services Programs
National Council for Community
Behavioral Healthcare
National Grange
National Minority Quality Forum
National Osteoporosis Foundation
Prevent Cancer Foundation
RetireSafe
Small Business & Entrepreneurship Council
Society for Women's Health Research
The Gerontological Society of America
The National Grange
Third Way
US Pain Foundation
Veterans Health Council
Vietnam Veterans of America
National Spasmodic Torticollis Association

Alabama:

Alabama Council of Community Mental
Health Boards
Alabama Family Trust
Alabama JobKeeper's Alliance
Alabama Lifespan Respite Resources Network
Assisted Living Association of Alabama
Business Council of Alabama
Christian Coalition of Alabama
Disabilities Leadership Coalition of Alabama
Interdenominational Ministerial Alliance of
Greater Mobile
Leadership Jefferson County
Manufacture Alabama
United Cerebral Palsy of Huntsville and
Tennessee Valley

Massachusetts:

Associated Industries of Massachusetts
Cambridge Chamber of Commerce
Massachusetts Association for Mental Health
Massachusetts Biomedical Initiatives (MBI)
Massachusetts State Grange
MassBio

Michigan:

Grand Rapids Chamber of Commerce
Michigan Association of Osteopathic
Family Physicians
Michigan Biotechnology Industry Organization
Michigan Chamber of Commerce
Michigan College of Emergency Physicians
Michigan Grange
Michigan Health & Hospital Association
Michigan Orthopaedic Society

Arkansas:

Arkansas State Chamber of Commerce
Lupus Foundation of America,
Arkansas Chapter

Arizona:

Arizona BioIndustry Association

California:

BayBio
BIOCOM
California Healthcare Institute
California Manufacturers &
Technology Association
California Senior Advocates League
Dr. Thomas Edgington, Professor Emeritus,
Department of Immunology and Microbial
Diseases, The Scripps Research Institute.
Member, Institute of Medicine, National
Academy of Sciences, CA
Embracing Latina Leadership Alliances
(ELLAS)
Filipino American Service Group Inc. (FASGI)
Healthy African American Families II
Latino Diabetes Association
Lupus Foundation of Southern California
Mountain Health & Community Services, Inc.
National Council of Negro Women Inc.
Los Angeles View Park Section
The Latino Coalition
The Wall Las Memorias Project

Colorado:

Action 22
Colorado Association of Commerce & Industry
Colorado BioScience Association
Colorado Gerontological Society
Denver Metro Chamber of Commerce
Hep C Connection
Servicios de La Raza

Connecticut:

Connecticut United for Research Excellence
Greater New Haven Chamber of Commerce
Waterbury Regional Chamber

Delaware:

Delaware HIV Consortium

Florida:

Alzheimer's & Dementia Resource Center
Amigos por la Salud
BioFlorida, Inc.
Community Health Charities of Florida

Michigan Osteopathic Association
Michigan Podiatric Medical Association
Michigan Society of Anesthesiologists
Michigan State Medical Society
NAMI Michigan

Minnesota:

A Partnership Of Diabetics (A-POD)
American Liver Foundation
Minnesota/Wisconsin Office
LifeScience Alley
Minnesota State Grange
Vietnamese Social Services of Minnesota

Missouri:

Associated Industries of Missouri
Missouri Association of Manufacturers
Missouri Biotechnology Association
NAMI Missouri
NAMI St. Louis

Mississippi:

Mississippi Manufacturers Association

Montana:

Montana Chamber of Commerce
Montana Manufacturing Council

North Carolina:

NAMI North Carolina
National Association of Social Workers, North
Carolina Chapter
North Carolina Association of Acupuncture
and Oriental Medicine
North Carolina Biosciences Organization
(NCBIO)
North Carolina Biotechnology Center
North Carolina Chamber of Commerce
North Carolina Psychological Association
Old North State Medical Society
Partnership for Drug-Free North Carolina
UCP EasterSeals – North Carolina

Nebraska:

Bio Nebraska Life Sciences Association
Community Health Charities of Nebraska
Nebraska Academy of Physician Assistants
Nebraska Kidney Association
Nebraska Rural Health Association

New Hampshire:

Monadnock AIDS

Elder Care Advocacy of Florida
Epilepsy Association of the Big Bend
Florida Association of Community
Health Centers
Florida Partners in Crisis
Florida Podiatric Medical Association
Florida Transplant Survivors Coalition
Global Pharma Analytics
H.E.A.L.S. of the South
Lupus Foundation of Florida
National Kidney Foundation of Florida
Sickle Cell Disease Association of Florida

Georgia:

Advocates for Responsible Care
Georgia Bio
S.E. Georgia Communities Project
Senior Citizen's Council of Greater Augusta
Wisdom of Wellness Project

Iowa:

Community Health Charities of Iowa
Des Moines WomenHeart
Iowa Biotechnology Association
Iowa Nurses Association
Iowa State Grange
NAMI Iowa
Prevent Blindness Iowa

Idaho:

Idaho State Grange
North Idaho AIDS Coalition
Pocatello Senior Citizen Center
Twin Falls Senior Center

Illinois:

Illinois Biotechnology Industry Organization
Illinois Chamber of Commerce
Illinois Gerontological Society
Illinois Manufacturers' Association
Kidney Cancer Association
Rush to Live

Indiana:

Indiana Health Industry Forum

Kansas:

Association of Community Mental Health
Centers of Kansas, Inc
It's About Me Breast Cancer
Awareness Association
Kansas State Grange
NAMI KC

New Jersey:

BioNJ, Inc.
HealthCare Institute of New Jersey (HINJ)
New Jersey Mayors Committee on
Life Sciences
New Jersey State Grange

New York:

S.L.E. Lupus Foundation

Ohio:

BioOhio
Diabetes Dayton
National Parkinson Foundation Central
& Southeast Ohio Chapter
Ohio State Grange

Oklahoma:

Cimarron Alliance
Greater Oklahoma City Chamber
of Commerce
Guiding Right, Inc.
NAMI Oklahoma
NASW Oklahoma
OCARTA (Oklahoma Citizen Advocates for
Recovery and Treatment Association)
Oklahoma Citizen Advocates for Recovery
and Treatment Association
Oklahoma State Chamber of Commerce
Other Options, Inc
RAIN Oklahoma OK
Regional AIDS Interfaith Network Oklahoma
State Chamber of Oklahoma
Transition House, Inc.

Oregon:

Cascade Policy Institute
Oregon State Grange

Pennsylvania:

American Liver Foundation Allegheny Division
Epilepsy Foundation, Western/Central
Pennsylvania Chapter
Lupus Foundation of Pennsylvania
Northeast Pennsylvania Manufacturers &
Employers Association
Pennsylvania Business Council
Pennsylvania Chamber of Business
and Industry
Pennsylvania State Grange
Technology Council of Central Pennsylvania
Women of Faith and Hope, Inc.

Kentucky:

Advanced Cancer Therapeutics
Healthcare Navigators
Kentucky BioAlliance
Medical News
Medical News for You

Louisiana:

A Community Voice
AAUW
Acadia Council on Aging
Access Health Louisiana
Advocates for Louisiana Public Healthcare
Allen Council on Aging
Ascension Council on Aging
Assumption Council on Aging
Avoyelles Council on Aging
Bayou River Health Systems
Beauregard Council on Aging
Bienville Council on Aging
Bossier Council on Aging
Caddo Council on Aging
Cajun Area Agency on Aging
Calcasieu Council on Aging
Caldwell Council on Aging
Cameron Council on Aging
Capital Area Agency on Aging
Catahoula Council on Aging
Cenla Area Agency on Aging
Claiborne Council on Aging
Common Ground
Concordia Council on Aging
DeSoto Council on Aging
Doctors for America
East Baton Rouge Council on Aging
East Carroll Council on Aging
East Feliciana Council on Aging
Evangeline Council on Aging
Forward Louisiana
Franklin Council on Aging
Grant Council on Aging
Hollygrove Residents Council
Iberia Council on Aging
Iberville Council on Aging
Jackson Council on Aging
Jefferson Davis Council on Aging
Lafayette Council on Aging
Lafourche Council on Aging
LaSalle Council on Aging
Legislative Agenda for Women
Lincoln Council on Aging
Livingston Council on Aging
Morehouse Council on Aging
Natchitoches Council on Aging

South Carolina:

Access Network
East Cooper Community Outreach
South Carolina Biotechnology
Industry Organization
South Carolina Chamber of Commerce

South Dakota:

NAMI Sioux Falls
NAMI South Dakota
South Dakota Biotech Association

Tennessee:

Elder Advocates, Inc
Epilepsy Foundation of East Tennessee
Perennial Services Network, Tennessee
Tennessee Men's Health Network

Texas:

Centro de Mi Salud, LLC
Coalition of Texans with Disabilities
Rio Grande Valley Diabetes Association
Texas Association of Business (TAB)
Texas Conservative Coalition Research
Institute (TCCRI)
Texas Healthcare & Bioscience Institute
(THBI)
Texas Senior Advocacy Coalition

Utah:

Alliance Community Services
Disabled Rights Action Committee
First Step House
JDRF, Utah Chapter
KeyVive
Latin American Chamber of Commerce
of Utah
Lupus Foundation of Utah
NAMI Utah
Ogden NAACP
Pacific Islands Chamber of Commerce
Project Success
SAGE Utah
Utah Advocates
Utah Black Chamber of Commerce
Utah Coalition of La Raza
Utah Hispanic Chamber of Commerce
Utah Support Advocates for Recovery
Awareness (USARA)

Virginia:

Senior Connections
Virginia Chamber of Commerce
Virginia Hispanic Chamber of Commerce

National Council of Jewish Women
North Delta Regional Planning &
Development District
Occupy Baton Rouge
Ouachita Council on Aging
Plaquemines Council on Aging
Pointe Coupee Council on Aging
Rapides Council on Aging
Red River Council on Aging
Richland Council on Aging
Sabine Council on Aging
St. Bernard Council on Aging
St. Charles Council on Aging
St. Helena Council on Aging
St. James Area Agency on Aging
St. John Council on Aging
St. Landry Council on Aging
St. Martin Council on Aging
St. Mary Council on Aging
St. Tammany Council on Aging
Tangipahoa Voluntary Council on Aging
Tensas Council on Aging
Terrebonne Council on Aging
The Madison Voluntary Council on Aging
Union Council on Aging
Vermillion Council on Aging
Vernon Council on Aging
Washington Council on Aging
Webster Council on Aging
West Baton Rouge Council on Aging
West Carroll Council on Aging
West Feliciana Council on Aging
Winn Council on Aging

Washington:

Association of Washington Business
Economic Alliance Snohomish County
Seattle Metropolitan Chamber of Commerce
Washington Biotechnology &
Biomedical Association

Wisconsin:

Alzheimer's and Dementia Alliance
of Wisconsin
BioForward
Community Health Charities of Wisconsin
Ehlers-Danlos Syndrome Network
CARES Foundation
Endometriosis Association
Wisconsin Grange
Wisconsin Manufacturers & Commerce
Wisconsin Nurses Association

Wyoming:

NAMI Wyoming