

March 4, 2015

Dear Member of Congress,

We, the undersigned organizations, are writing to express opposition to proposals that would allow the Secretary of Health and Human Services (HHS) to interfere in private prescription drug negotiations in the Medicare Part D program. We are concerned that such proposals could undermine Part D's competitive structure and restrict access for millions of seniors and individuals with disabilities.

Medicare Part D's competitive structure has been critical to the program's success. Notably, Medicare baselines from the Congressional Budget Office (CBO) show that total Part D costs are nearly \$350 billion less than initially projected. CMS projects that the average monthly premium will hold relatively stable at \$32 in 2015, and a Medicare Today survey shows that nearly 90% or more of beneficiaries are satisfied with their coverage. When Part D was created, the intent was for robust Part D plan competition and negotiation to drive substantial savings for beneficiaries. As a result, Congress included a provision known as the "non-interference clause." The provision prohibits the HHS Secretary from interfering in the private price negotiations between Medicare Part D plans, drug manufacturers, and pharmacies. Instead, Part D plans negotiate substantial discounts and rebates with drug manufacturers as a condition of participation in the program.

The 2014 Medicare Trustees Report found that these rebates are often as high as 20% to 30%, and average rebates have increased each year of the program. Additionally, CBO has stated that Medicare Part D plans "have secured rebates somewhat larger than the average rebates observed in commercial health plans" and that "the Secretary would be unable to negotiate prices across the broad range of covered Part D drugs that are more favorable than those obtained by [Prescription Drug Plans] PDPs under current law." 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 cost-sharing.

Some suggest that allowing government interference in Part D might constrain Medicare cost growth. However, the CBO has repeatedly said that this approach would have a negligible impact on federal spending unless HHS was to also limit beneficiary access to needed 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." In other words, to achieve any significant savings, the government would need to impose access or coverage restrictions on medicines. Such restrictions could include a single, national formulary for Part D plans and increased reliance on step therapy or "fail first" policies.

Restricting access also means that Medicare Part D beneficiaries may not take the medicines they need. Taking medicines as prescribed can improve health outcomes and help to avoid costly ER visits and hospitalizations. For example, a 2014 study by researchers at Johns Hopkins University and the University of Illinois found that gaining prescription drug coverage through Part D was associated with an 8% decrease in hospital admissions for seniors and about \$1.5 billion in aggregate savings to the Medicare program each year. Proposals that limit beneficiary access to needed medicines could contribute to higher costs in other more expensive healthcare settings, while also unnecessarily harming beneficiaries.

We believe that repeal of the non-interference provision could jeopardize beneficiaries' access to comprehensive, affordable prescription drug coverage and would undermine the structure of a highly

successful program. We urge you to reject any proposals that would allow government interference in Part D negotiations.

Sincerely,

## **NATIONAL PARTNERS**

Action CF  
Advocates for Responsible Care  
Alliance for Aging Research  
Alliance for Patient Access  
American Autoimmune Related Diseases Association (AARDA)  
American Behcet's Disease Association  
American Kidney Fund  
American Military Society  
American Society of Plastic Surgeons  
Bladder Cancer Advocacy Network  
Blue Ribbon Advocacy Alliance  
Caregiver Action Network  
Center for Healthcare Innovation  
Center for Medicine in the Public Interest  
Coalition for Pulmonary Fibrosis (CPF)  
Community Health Charities  
Council for Affordable Health Coverage  
Crohn's & Colitis Foundation of America  
Community Access National Network (CANN)  
Endometriosis Association  
Global Colon Cancer Association  
Healthcare Leadership Council  
HealthHIV  
Heart Rhythm Society  
Immune Deficiency Foundation  
International Cancer Advocacy Network (ICAN)  
International Foundation for Autoimmune Arthritis  
International Pemphigus & Pemphigoid Foundation  
International Waldenstrom's Macroglobulinemia Foundation  
Kidney Cancer Association  
Lupus and Allied Diseases Association, Inc.  
Lupus Research Institute  
Men's Health Network  
National Alliance on Mental Illness (NAMI)  
National Association of Manufacturers

National Association of Nutrition and Aging Services Programs  
National Black Nurses Association  
National Certification Commission for Acupuncture and Oriental Medicine  
(NCAAOM)  
National Coalition for LGBT Health  
National Council for Behavioral Health  
National Grange  
National Hispanic Medical Association  
National Minority Quality Forum  
National Osteoporosis Foundation  
National Psoriasis Foundation  
National Spasmodic Torticollis Association  
Other Options, Inc.  
Patient Services Inc.  
Prevent Blindness  
Prevent Cancer Foundation  
Project ReDirect  
RetireSafe  
S.L.E. Lupus Foundation  
Small Business and Entrepreneurship Council  
Society for Women's Health Research  
Startech International  
Suicide Awareness Voices of Education  
The AIDS Institute  
The Latino Coalition  
Third Way  
TWC Pharmacy and Wellness Centers LLC  
U.S. Chamber of Commerce  
U.S. Pain Foundation  
Veterans Health Council  
Vietnam Veterans of America  
Women Against Prostate Cancer

## **STATE PARTNERS**

1 in 9: The Long Island Breast Cancer Action Coalition/Hewlett House  
A Partnership Of Diabetics  
Acquired Brain Injury Network of Pennsylvania  
Advanced Cancer Therapeutics, Inc.  
AIDS Outreach Montana  
AIDS Resource Center Ohio  
AIDS Response Seacoast

AIDS Services for the Monadnock Region  
Alabama Cancer Congress  
Alabama Council of Community Mental Health Boards  
Alliance Community Services  
Alzheimer's & Dementia Alliance of Wisconsin  
Alzheimer's & Dementia Resource Center  
American Diabetes Association - South Carolina  
American Liver Foundation-Upper Midwest Division  
Ames Chamber of Commerce  
Arthritis & Osteoporosis Treatment Center  
Asian Americans for Community Involvement  
Associated Industries of Missouri  
Association of Community Mental Health Centers Kansas  
Association of Oklahoma Nurse Practitioners  
Asthma and Allergy Foundation of America, New England Chapter  
Autism Society of Indiana  
BayBio  
Bingham County Senior Citizens Center  
Bio Nebraska Life Sciences Association  
Biocom  
BIOforward, Inc.  
BioHouston  
BioOhio  
Bioscience Association of West Virginia  
BioUtah  
Bluegrass Institute for Public Policy Solutions  
Brain Injury Association of Nebraska  
California Asian Chamber of Commerce  
California Healthcare Institute (CHI)  
California Hepatitis C Task Force  
California Senior Advocates League  
California State NAACP  
California Urological Assn  
Cancer Support Community - Central Ohio  
Caring Ambassadors  
Carrie's TOUCH, Inc.  
Catholic Charities New Hampshire  
Central Florida Behavioral Health Network Inc. (CFBHN)  
Centro de Mi Salud, LLC  
Chairman Granite State Taxpayers  
Champions of Greater New Orleans  
Charleston Parkinson's Support Group  
Chatham Social Health Council

Chicago Life Science Consortium  
Coalition for Nurses in Advanced Practice  
Coalition of Texans with Disabilities  
Colorado BioScience Association  
Colorado Gerontological Society  
Combined Health Agencies  
Community Health Action Network  
Community Health Charities of Florida  
Community Health Charities of Kentucky  
Community Health Charities of Nebraska  
Community HealthCare Association of the South Dakota  
Community Liver Alliance  
Cornerstone Policy Research  
Council of Industry of Southeastern New York  
Des Moines WomenHeart  
Dia de la Mujer Latina  
disABILITY Resource Center  
Dulles Regional Chamber of Commerce  
Easter Seals Central Texas  
Easter Seals Iowa  
Easter Seals Massachusetts  
Easter Seals Nebraska  
Eastern Pennsylvania Chapter of National Hemophilia Foundation  
EDSers United Foundation  
Elder Care Advocacy of Florida  
Embracing Latina Leadership Alliances (ELLAS)  
Epilepsy Association of Oklahoma  
Epilepsy Foundation - North/Central Illinois, Iowa, Nebraska  
Epilepsy Foundation of East Tennessee  
Epilepsy Foundation of Greater Chicago  
Epilepsy Foundation of San Diego County  
Epilepsy Foundation of Western Wisconsin  
Equality LA  
Filipino American Service Group Inc. (FASGI)  
First Eastern Shore Missionary Baptist Association  
First Step House  
Florida Society of Rheumatology  
Florida State Hispanic Chamber of Commerce  
Georgia Bio  
Greater OKC Chamber  
Hayden Idaho Senior Center  
HEALS of the South  
Hemophilia Foundation of Oregon

Hispanic CREO  
Idaho Society of Clinical Oncology  
Idaho State Grange  
Illinois Biotechnology Industry Organization  
Illinois Manufacturers' Association  
Indiana Health Industry Forum  
Interdenominational Ministerial Alliance Of Mobile and Vicinity  
Iowa Biotechnology Association  
Iowa State Grange  
It's About Me Breast Cancer Awareness Association  
JobKeeper Alliance  
Joy's House Adult Day Service  
Kansas Association of Osteopathic Medicine  
Kansas City Area Life Sciences Institute  
Kansas State Grange  
Kansas Urological Society  
Kentucky Chamber of Commerce  
Kentucky Life Sciences Council  
Key Vive Health  
Latino Diabetes Association  
Life Science Tennessee  
Life Sciences Greenhouse of Central Pennsylvania (LSGPA)  
LifeScience Alley  
Louisiana Center for Health Equity  
Louisiana Lifespan Respite Coalition  
Louisiana Oncology Society  
Louisiana Women's Network  
Lupus Alliance of Upstate New York  
Lupus Columbia SC  
Lupus Foundation New England  
Lupus Foundation of America - DC/MD/VA Chapter  
Lupus Foundation of Arkansas, Inc.  
Lupus Foundation of Florida, Inc.  
Lupus Foundation of Genesee Valley NY, Inc.  
Lupus Foundation of Southern California  
Lupus LA  
Lupus of Nevada  
Lupus Pennsylvania  
Lupus Society of Illinois  
Manufacture Alabama  
Manufacturers Association of Central New York  
MassBio  
Medical News

MedTech Association  
Melba Valley Senior Center  
Memphis Center for Independent Living  
Mental Health America of Indiana  
Mental Health America of Middle Tennessee  
Mental Health America of South Carolina  
Mental Health Systems  
Metropolitan Milwaukee Association of Commerce  
Michigan Osteopathic Association  
Minnesota Rural Health Association  
Minnesota State Grange  
Mississippi Oncology Society  
Missouri Association of Osteopathic Physicians and Surgeons  
Missouri Biotechnology Association  
Missouri Urological Association  
Montana Chamber of Commerce  
Montana Manufacturing Council  
Montana State Grange  
Mountain Mission Inc.  
NAMI - Alabama  
NAMI - Davidson  
NAMI - Florida  
NAMI - Greater Des Moines  
NAMI - Iowa  
NAMI - Kansas  
NAMI - Kansas City  
NAMI - Kentucky  
NAMI - Louisiana  
NAMI - Minnesota  
NAMI - Missouri  
NAMI - Montana  
NAMI - Nebraska  
NAMI - New Hampshire  
NAMI - New Mexico  
NAMI - New York  
NAMI - North Carolina  
NAMI - Oklahoma  
NAMI - Queens/Nassau  
NAMI - Sioux Falls  
NAMI - South Dakota  
NAMI - St. Louis  
NAMI - Tennessee  
NAMI - Virginia

NAMI - Wyoming  
NAMI of Central Suffolk  
Nation Association of Social Workers - Virginia Chapter  
National Alliance on Mental Illness of Ohio  
National Association of Hispanic Nurses - El Paso  
National Association of Social Workers - North Carolina  
National Association of Social Workers - Texas  
National Association of Social Workers Oklahoma Chapter  
National Black Nurses Association - Tampa Chapter  
National Council of Negro Women View Park  
Nebraska Kidney Association  
Nebraska Rural Health Association  
New England Community for Cancer Survivorship (NECCS)  
New Jersey Association of Mental Health and Addiction Agencies, Inc.  
New Jersey Mayors Committee on Life Sciences  
New Mexico AIDS Services, Inc.  
New Mexico Biotechnology and Biomedical Association  
New Mexico Business Coalition  
New Orleans Coalition  
NO/AIDS Task Force  
NOLA Wellness LLC  
Norman Chamber of Commerce  
North Carolina Biosciences Organization  
North Carolina Chamber - North Carolina Business Advocacy  
North Carolina Psychological Association  
North Carolina State Grange  
North Texas Nurse Practitioner Metro West  
Northeast Kidney Foundation  
Northern Utah Coalition, Inc.  
Ohio Chamber of Commerce  
Ohio State Grange  
OKBio Association  
Oklahoma Society of Clinical Oncology  
Old North State Medical Society  
One in Four Chronic Health  
ONEgeneration  
Oregon Bioscience Association  
Oregon Urological Society  
Orthopedic Associates of Michigan  
Palmetto AIDS Life Support Services  
Parkinson's Association  
Partnership for a Drug-Free NC  
Partnerships in Caregiving



Pennsylvania BIO  
Pennsylvania State Grange  
Perennial Services Network  
Pittsburgh Venture Capital Association (PVCA)  
Plaza Community Services  
Prescription Assistance Network  
Pressburg East Homeowners Association  
Prevent Blindness Iowa  
Prevent Blindness, Ohio Affiliate  
RAIN Oklahoma  
Rio Grande Valley Diabetes Association  
Rocky Mountain Stroke Center  
Rush to Live  
SAGE Utah  
Salud USA, Inc.  
SCBIO  
Senior Connections, The Capital Area Agency on Aging  
Sickle Cell Association of Florida  
Sioux Falls Coalition on Aging  
Society of Utah Medical Oncologists  
Solidarity Project Advocacy Network  
South Carolina HIV/AIDS Council  
South Dakota Biotech  
Southwest Center for Independent Living  
Star Senior Citizens Center  
State Chamber of Oklahoma  
Taxpayer Association of Oregon  
Tennessee Latin American Chamber of Commerce  
Tennessee Men's Health Network  
Texas Association of Business  
Texas BioAlliance  
Texas Conservative Coalition Research Institute  
Texas Healthcare and Bioscience Institute  
Texas Life Science Collaboration Center  
Texas Life Science Foundation  
Texas Nurse Practitioners  
Texas Transplantation Society  
TexHealth Central Texas  
The Center for Health Care Services  
The Diabetes Association of the Dayton Area  
The Kim Foundation  
The League of Women Voters of New Orleans (LWV)  
The Wall Las Memorias Project

United Way Association of South Carolina  
Utah Advocates  
Utah Black Chamber of Commerce  
Utah Latin American Chamber of Commerce  
Utah Pride Center  
Vietnamese Social Services of Minnesota  
Virginia Bio  
Virginia Chamber of Commerce  
Virginia Chamber of Commerce  
Virginia Hispanic Chamber of Commerce  
Visiting Nurse Association  
Visiting Nurse Association of Ohio  
Visiting Nurse Association of Pottawattamie County  
Washington Biotechnology & Biomedical Association  
Washington State Prostate Cancer Coalition  
Wayne State University Physician Group  
Wisconsin Academy of Nutrition and Dietetics  
Wisconsin Association of Osteopathic Physicians and Surgeons  
Wisconsin Manufactures and Commerce  
Wisconsin Rheumatology Association  
Wisconsin State Grange  
Wisconsin Women's Health Foundation  
Wound Care Clinic - ESU  
Wyoming Epilepsy Association