



July 24, 2019

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Grassley and Sen. Wyden:

On behalf of Families USA, a leading nonpartisan, national voice for health care consumers, **I write to offer our strong support for your bipartisan legislation, the *Prescription Drug Pricing Reduction Act (PDPRA) of 2019***. This important, if incomplete, legislation will meaningfully improve the lives of millions of families in our country. We urge you to work closely with fellow Senate leaders, House leaders, and the President to strengthen and improve your bill and enact it as soon as possible. **Moreover, as the Committee considers the bill tomorrow, it is critical that consumer protections, cost-lowering elements, and improved transparency requirements not be weakened.**

Our nation's families continue to struggle with ever increasing health care costs, particularly for prescription drugs. Nearly one in three adults has not taken a medicine as prescribed due to its costs.¹ An astounding 82 percent of Republicans and 90 percent of Democrats agreed with the statement, "Taking action to lower prescription drug prices" should be a top priority for the new Congress.² We are delighted that you have heard their call, including consumers like Chicago retiree Catherine Horine, who pays half of her monthly income to prescription drug costs.

While there are many important provisions in the legislation, there are three that are particularly helpful to consumers struggling with high drug costs:

- First, your legislation fundamentally restructures Medicare Part D to reduce financial burdens on beneficiaries with high drug costs, eliminating the "donut hole" and imposing a hard cap on beneficiary out-of-pocket spending at \$3,100 per year.
- Secondly, PDPRA seeks to limit price growth for all consumers by imposing an "inflation rebate" program in Medicare Parts B and D. If crafted properly, this provision would be a giant step toward stopping rampant increases in drug prices for existing products.
- Finally, the bill imposes vital and unprecedented transparency requirements on drug manufacturers, providing researchers, policymakers and the public with actionable information on how drug prices are set.

While we strongly support these three provisions in the bill, Families USA believes much more needs to be done to ensure consumers are protected. Here are examples:

- **First, the bill does not adequately address high launch prices for new drugs, a critical weakness in the legislation.** In particular, this bill fails to leverage the market power of federal payers, including Medicare, to meaningfully negotiate lower prices for drugs, including on new products. We expect manufacturers, facing caps on price growth for existing products, will increase the launch price of new drugs to even more abusive levels. This could inadvertently drive drug prices up for all consumers. To truly protect consumers from drug company profiteering, the bill should provide for direct negotiation, or include a methodology to otherwise cap launch prices.
- **Second, the bill's inflation rebate program may be subject to drug company non-compliance or gaming.** Because of the huge profits that could be gained by increasing prices on privately-insured individuals, manufacturers may find it makes financial sense to simply raise prices above the caps, and, for example, pay the inflation rebates back to the federal government for drugs sold under Parts B and D or take the risk of exclusion from the Medicare program. If the rebate does not deter price increases, consumers in private plans could continue to pay more. Further, less than two days after the bill's release, we understand manufacturers are already seeking ways to bifurcate national drug codes (NDCs) to limit the effect of the Part D rebate. To ensure the inflation rebates actually cap price growth for all consumers, the bills should be strengthened to close any loopholes that drug companies will use to limit their effectiveness and create more meaningful federal leverage on drug companies for failure to comply with inflation caps.

Millions of families across the United States are struggling with high drug costs while pharmaceutical manufacturers enjoy record high profits.³ It is past time for Congress to act to protect its constituents. It is perhaps not surprising that the most profitable industry in America is also its most well-moneyed lobby.⁴ At tomorrow's mark-up and over the next several months, special interests will inevitably do everything in their considerable power to weaken or stop your legislation. **On behalf of the millions of families who are struggling, we urge you to pass this legislation through committee, continue to strengthen it, coordinate with House efforts, and eventually pass the strongest bill possible. Never forget you have your constituents' strong support in these efforts.** We look forward to working closely with you to enact this this vitally important legislation.

Sincerely,

Frederick Isasi, JD, MPH
Executive Director

cc: All Members of the Senate Committee on Finance
Mitch McConnell, Majority Leader, United States Senate
Chuck Schumer, Minority Leader, United States Senate
Lamar Alexander, Chairman, Senate HELP Committee

Patty Murray, Ranking Member, Senate HELP Committee
Nancy Pelosi, Speaker, U.S. House of Representatives
Kevin McCarthy, Minority Leader, U.S. House of Representatives
Richard Neal, Chairman, House Ways and Means Committee
Kevin Brady, Ranking Member, House Ways and Means Committee
Frank Pallone, Chairman, House Energy and Commerce Committee
Greg Walden, Ranking Member, House Energy and Commerce Committee

¹ A. Kirzinger, L. Lopes, B. Wu, and M. Brodie. (March 1, 2019). KFF Health Tracking Poll — February 2019: Prescription Drugs. Retrieved March 1, 2019, from <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-february-2019-prescriptiondrugs/>.

² "Americans' Priorities for the New Congress in 2019." Politico. December 2018. <https://www.politico.com/f/?id=00000168-1450-da94-ad6d-1ffa86630001>.

³ Mayer, Richard. "Sorry PhRMA, Pharma Making Record Profits." Medium. August 2018. <https://medium.com/@richardameyer/sorry-phrma-pharma-making-record-profits-a769022a6c76>

⁴ Lobbying Spending Database Pharmaceuticals/Health Products, 2018." OpenSecrets.org. January 24, 2019. <https://www.opensecrets.org/lobby/indusclient.php?id=H04>.