

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