

July 11, 2017

The Honorable Lamar Alexander  
Chairman  
Health, Education, Labor and Pensions Committee  
United States Senate  
Washington DC, 20510

Dear Chairman Alexander,

The undersigned organizations representing healthcare providers, clinical researchers, public health experts, and consumer and taxpayer advocates are committed to advancing public health and promoting access to affordable medicines. We were deeply dismayed by the news reports that you have decided to postpone the Senate Health, Education, Labor and Pensions (HELP) committee three-part hearing series on high prescription drug prices. Without delay, we urge you to resume the bipartisan hearings and work across the aisle to address a top healthcare priority for voters: taking action to reduce high prescription drug prices that elevate the costs of our health programs and strain family budgets.

In your interview with STAT+, you asserted that you are awaiting a “more bipartisan attitude” before you proceed with the hearing series, due to Democratic remarks made at the first panel on the GOP efforts to repeal and replace the Affordable Care Act.<sup>1</sup> We were very pleased by your initial agreement to convene the hearings in response to a bipartisan request from members of the HELP committee. However, we are deeply disappointed that you have chosen to delay this urgent and long-overdue committee record because Democrats rightly identified the inextricable link between access to medicines and access to healthcare.

Currently one-in-five Americans cannot afford to take their medication, and it is indisputable that Americans who are already rationing lifesaving medicines will suffer more under the Senate healthcare repeal bill. The Better Care Reconciliation Act (BCRA) includes measures that directly limit American’s access to prescription drugs, while disproportionately impacting children, seniors and low-income populations. Specifically, under BCRA -

- States can waive the requirement for insurance plans to cover prescription drug coverage and other essential health benefits, which will result in more patients paying larger amounts of money out-of-pocket for medicines.
- The Congressional Budget Office (CBO) projects that, by 2026, there will be seven million fewer people with individual market coverage, forcing those individuals to rely on patient assistance programs or pay the list price for prescription drugs.

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<sup>1</sup> <https://www.statnews.com/2017/06/29/senate-drug-pricing-hearing/>

- Medicaid spending will be cut by 35 percent over 20 years and 15 million Americans will lose Medicaid coverage by 2026 according to CBO estimates, cutting off their lifeline to prescription drugs.
- Deductibles are expected to significantly increase, causing individuals with prescription drug coverage to pay more money for prescription drugs out-of-pocket for longer periods of time.
- The pharmaceutical industry will receive a \$25 billion tax break over 10 years. The repeal of the tax on prescription drug corporations will increase Medicare Part B premiums by \$8.7 billion over the next decade, with the burden further falling on seniors and state budgets, according to estimates by the Centers for Medicare and Medicaid Services.<sup>2</sup>

In addition to these concerns, the BCRA does not include a single reform to lower drug prices. This approach is both inexcusable and irrational, given that spending on prescription drugs outpaced all other health services in 2015.<sup>3</sup>

The BCRA includes devastating healthcare cuts that will shift the financial burden onto vulnerable populations, seniors and states in order to allegedly save money. Conversely, a number of drug pricing reforms have been introduced this Congress that would yield billions of dollars in savings to taxpayers and consumers, significantly reducing the impact that high drug prices have on healthcare spending. Your committee has a responsibility to evaluate and markup these bills without delay.

In particular, the Increasing Access to Affordable Prescription Drugs Act (S. 771, H.R. 1776), introduced by Senator Al Franken and the majority of HELP committee Democratic members, should be a focal point of additional drug pricing hearings. Among other reforms, it would curb the monopoly abuses of pharmaceutical corporations that keep prices high, penalize companies that engage in price gouging, allow Medicare to negotiate fair prices for seniors and require transparency from the pharmaceutical industry. Notably, the legislation would provide billions of dollars in savings annually. For instance -

- Sec. 202, also introduced as The Stop Price Gouging Act, would put an end to steep, unfair prescription drug price spikes by imposing penalties on corporations that price gouge proportionate to the severity of the abuse. Researchers estimated that this bill would have saved \$26 billion in taxpayer dollars through Medicare Part D alone in 2015.<sup>4</sup>
- Sec. 201 would allow the Secretary of the Department of Health and Human Services to negotiate Medicare Part D prescription drug prices, using the lowest price paid by the “Big Four” or Department of Veterans Affairs (VA) as a fallback price. If the secretary were able to attain the same prices for brand-name prescription drugs as the VA, it would save taxpayers \$16 billion annually.<sup>5</sup>
- Sec. 205, also introduced in the 114th Congress as the Medicare Drug Savings Act, would amend Medicare Part D by requiring drug manufacturers to grant drug rebates to HHS for low-income

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<sup>2</sup> <https://www.finance.senate.gov/ranking-members-news/trumpcares-tax-gift-to-pharma-raises-premiums-by-billions-in-medicare-part-b>

<sup>3</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf>

<sup>4</sup> <http://healthaffairs.org/blog/2017/05/12/taxing-drug-price-spikes-assessing-the-potential-impact/>

<sup>5</sup> <https://www.citizen.org/sites/default/files/2269a.pdf>

individuals at the level provided in Medicaid. The CBO estimates that this measure would reduce federal spending by \$145 billion over 10 years.<sup>6</sup>

Irrespective of the outcome with healthcare repeal, high prescription drug prices will continue to be an issue of national significance and a priority for all Americans. However, the stakes are even greater within the context of the current healthcare debate. Therefore, we implore you to resume hearings and take legislative action to reduce prescription drug prices without delay.

Sincerely,

Public Citizen

ACT UP/ NY

AIDS United

American Federation of Teachers

American Sustainable Business Council

Annie Appleseed Project

Black Women's Health Imperative

Breast Cancer Action

Center for Digital Democracy

Center for Medicare Advocacy

Center for Policy Analysis on Trade and Health

Community Catalyst

Connecticut Center for Patient Safety

Consumers Council of Missouri

Corporate Accountability International

Daily Kos

Do The Most Good, Howard County, MD

Doctors for America

Empire State Consumer Project

Empower Missouri

Families USA

Healthcare For All Hawaii

Healthcare is a Human Right Maryland

Interfaith Center on Corporate Responsibility

Minnesota Nurses Association

MOmentum: Moving Missouri Forward

Montgomery County Healthcare-Now! of Maryland

National Black Justice Coalition

National Council of Jewish Women

National Hispanic Medical Association

National Physicians Alliance

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<sup>6</sup> <https://www.cbo.gov/budget-options/2016/52239>

National Women's Health Network  
NETWORK Lobby for Catholic Social Justice  
Other98  
People Demanding Action  
People of Faith for Access to Medicines  
Physicians for a National Health Program  
Protect All Children's Environment  
Sargent Shriver National Center on Poverty Law  
Sciencecorps  
Social Security Works  
St. Louis Indivisible: A Political Action Salon  
Tennessee Health Care Campaign  
The Hawaii Democratic Party Health Committee  
Universities Allied for Essential Medicines  
Youth Alliance for Health and Human Rights

Cc: Members of the Senate HELP Committee