Dear Ranking Member Wyden and colleagues,

Thank you for your initiative exploring policy options to lower prices and improve prescription drug affordability for people in the United States. Our groups, representing patients, workers, health care providers, people of faith, seniors and consumers urge you to build on the Inflation Reduction Act with policies to save hundreds of billions of dollars in prescription drug costs and make sure all Americans have access to the medicines they need. By ensuring pharmaceutical corporations charge no more for prescriptions in the United States than they do in Europe or Canada and capping out-of-pocket costs, we can end pharma rip-offs and treatment rationing.

Big Pharma's monopolistic price gouging is worse now than at any time in American history. It has become intolerable and unsustainable, with four-in-ten Americans rationing medicines they need because they are too expensive.[i] Annual drug spending now exceeds half a trillion dollars and is projected to reach more than $800 billion in 2034.[ii]

Congressional Democrats and the Biden-Harris Administration made the first major progress in a generation by empowering Medicare to negotiate the prices for some older medicines with high annual spending, establishing penalties for price spikes, and putting in place protections in Medicare Part D from excessive out-of-pocket costs. Already the negotiation program is saving patients and taxpayers billions of dollars annually[iii] and out-of-pocket limits are helping to lower cost-related nonadherence,[iv] but according to the Congressional Budget Office, in part due to the combination of 1) Medicare price negotiations and inflation rebates having less impact and 2) the Part D redesign and out-of-pocket cap costing significantly more than anticipated, Medicare drug spending will be even greater than what was anticipated before the Inflation Reduction Act was passed.[v] The scale of our drug pricing crisis demands bold solutions.

Senators and members of Congress should advance three policies into law to provide all Americans access to medicines at fair, affordable prices:

1) **Negotiate the prices on all brand name prescription drugs;**
2) **Limit negotiated prices based on what drug companies charge in other high-income countries; and**
3) **Extend the benefits of negotiations, price spike protections and out-of-pocket caps to the private market.**

<u>Negotiating Prices on All Branded Drugs</u>

Exemptions from negotiations---expanded by congressional Republicans' and President Trump's Big Ugly Bill---inappropriately exclude from negotiation drugs on which Medicare and patients spend tens of billions of dollars annually, while drug corporations are spiking

drug launch prices to new heights year after year. Drug companies argue that delays from negotiation are necessary to allow a return on investment, but in reality independent research and development cost estimates are significantly lower than industry-cited estimates that use opaque data sets.[vi] Even at lower negotiated prices paid in other countries, pharmaceuticals remain extremely lucrative due to low marginal costs of production.[vii]

The negative impacts of negotiation exemptions and delays are profound. Negotiation delay periods mean that patients and taxpayers are forced to pay higher, unnegotiated prices for nearly a decade or longer before the government is allowed to step in and negotiate. Of the drugs selected for the current round of price negotiations, Medicare already spent more than $70 billion from 2012 through 2023 yet negotiated prices will be unavailable until 2028.[viii] Meanwhile, the median launch price charged by pharmaceutical companies for a new drug in the United States jumped from $2,115 in 2008 to $180,007 in 2021, a 20 percent annual inflation rate.[ix] In 2025, the median price was $216,000 (an artificially low number due to the mix of drugs approved last year).[x]

Conversely, other high-income countries with long-established frameworks and the U.S. Department of Veterans Affairs negotiate the prices of brand name drugs soon after approval, with most negotiating the prices of all newly approved brand-name drugs without exclusions.[xi] No delay periods were envisaged in the legislative antecedent to the Inflation Reduction Act, the Elijah E. Cummings Lower Drug Costs Now Act, which all House Democrats voted to pass in the 116th Congress.[xii]

A large majority of voters across the political spectrum want Medicare to negotiate lower prices on all the drugs it currently buys.[xiii] Doing so would rapidly produce tens of billions of dollars in savings while reducing out-of-pocket costs for patients.[xiv]

Limiting Negotiated Prices Based on International Prices

The United States pays 3-4 times more for prescription drugs than other rich countries.[xv] Even for products that have undergone Medicare negotiation, prices charged by prescription drug companies in the United States remain significantly higher than those in other large, high-income countries,[xvi] and negotiations are lowering prices less than initially projected.[xvii] Pharmaceutical spending now accounts for nearly 3% of gross domestic product (GDP) of the entire U.S. economy, compared to around 1.2% of GDP for non-U.S. Organisation for Economic Co-operation and Development (OECD) countries, driven in large part by higher U.S. prices.[xviii]

Americans across partisan and demographic groups overwhelmingly support (by an 86% - 8% margin) allowing Medicare to negotiate all of the drugs it purchases paying no more than

what drugs sell for in other wealthy countries.[xix] By establishing a ceiling for Medicare price negotiations based on prices in other high-income countries, policymakers can finally deliver Americans fair prices and produce tens of billions of dollars in annual savings.[xx]

Extending Negotiated Prices, Price Spike Protections, and Out-of-Pocket Limits Beyond Medicare

More than 200 million American obtain their health insurance coverage through private plans.[xxi] People who get their insurance through their employer or the Affordable Care Act marketplace do not directly benefit from Medicare price negotiations or price spike protections and remain exposed to unlimited out-of-pocket costs.

Of the $400 billion in drug expenditures covered by insurance in 2024, more than 40% was through private insurance.[xxii] Private insurance drug prices are even higher than those realized by Medicare and other government health programs,[xxiii] and thus potentially even greater savings to Americans could be produced through extending access to prices established through Medicare price negotiations to people with private insurance. Researchers estimate that if prices realized in other high-income countries were available across the U.S. market, it would save close to $200 billion annually.[xxiv] Like an international price-based ceiling, the House-passed Elijah E. Cummings Lower Drug Costs Now Act included a mechanism to offer Medicare-negotiated prices to people who get insurance through their employer or the Affordable Care Act.

The impact of Medicare rebate protections against price spikes is currently uncertain, as commercial sales are excluded from rebate calculations.[xxv] By including commercial sales in Medicare inflation rebate calculations, policymakers can ensure that these price spike protections have their intended impact in Medicare while shielding people with private health insurance coverage from drug companies' price increases.

The most direct way patients are financially impacted by exorbitant prescription drug prices is through their out-of-pocket costs as copays or coinsurance. Within Medicare, lowering the annual OOP cap would ensure that millions more seniors and people with disabilities are provided with relief from high drug costs. Beyond Medicare, more than half of Americans who have self-purchased or employer-sponsored insurance report worrying about affording prescription drugs---an even greater share than those with Medicare.[xxvi] By extending the annual out-of-pocket cap established for Medicare to private insurance, millions of Americans will directly experience financial relief while tens of millions more are given peace of mind that drug costs will not bring financial ruin.

Thank you for your commitment to ending prescription drug company profiteering and making medicines affordable for Americans.

Sincerely,

AFT: Education, Healthcare, Public Services
Americans for Democratic Action, SoCal
Beta Cell Action
Center for Medicare Advocacy
Congregation of Our Lady of Charity of the Good Shepherd, U.S. Region
Consumer Action
Doctors for America
Health Global Access Project
National Advocacy Center of the Sisters of the Good Shepherd
National Committee to Preserve Social Security and Medicare
NETWORK Lobby for Catholic Social Justice
People's Action Institute
Physicians for a National Health Program
Popular Democracy
Progressive Democrats of America
Public Citizen
Salud y Farmacos
Social Security Works
T1International
UnidosUS
Universities Allied for Essential Medicines
Voices of Health Care Action

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