

Congress of the United States
Washington, DC 20515

October 5, 2011

The Honorable Patty Murray

The Honorable Jeb Hensarling

Co-Chairs

Joint Select Committee on Deficit Reduction

The Honorable Xavier Becerra
The Honorable James E. Clyburn
The Honorable Chris Van Hollen

The Honorable Dave Camp
The Honorable Fred Upton

The Honorable Max Baucus
The Honorable John Kerry

The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey

Members

Joint Select Committee on Deficit Reduction

Dear Co-Chairs and Members,

As the Joint Select Committee on Deficit Reduction considers reforms to reduce our nation's debt, we write to express our strong support for requiring the Secretary of Health and Human Services to negotiate prescription drug prices for plans offered under Medicare Part D. This important reform will yield significant cost savings for the federal government, as well as seniors and individuals with disabilities, while also strengthening Medicare for current and future beneficiaries.

Since the enactment of the Medicare Modernization Act, which created the Medicare Part D program, the federal government has been prohibited from directly negotiating with pharmaceutical companies for lower prescription drug prices for the 28 million seniors and individuals with disabilities who participate in Medicare Part D. If Medicare negotiated directly with drug manufacturers and was able to bring drug prices down to Medicaid levels, a 2008 report by the House Committee on Oversight and Government Reform found taxpayers would save \$156 billion over 10 years. Moreover, Medicare beneficiaries could save up to \$27 billion over the same period of time.

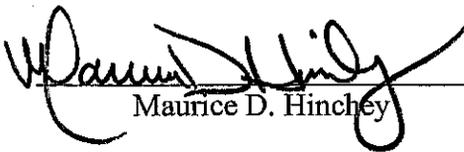
There are numerous examples of how the Part D program is forcing taxpayers, seniors and individuals with disabilities to pay more than they should for prescription drugs. For example, beneficiaries who are eligible for coverage under both Medicaid and Medicare, commonly referred to as dual-eligibles, are required to obtain prescription drug coverage through Medicare Part D even though current law allows Medicaid to set limits on the amount the program will pay for prescription drugs, which has produced significant savings. In fact, the House Committee on Oversight and Government Reform study found that the cost of providing the top 100 drugs to dual-eligibles was 30 percent higher under Medicare than it would have been under Medicaid. In addition, the independent Congressional Budget Office estimated that requiring manufacturers to

pay Medicaid-level rebates for low-income Medicare beneficiaries would reduce Part D costs by \$112 billion over 10 years.

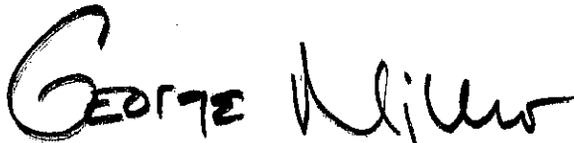
Moreover, a recent report by the Department of Health and Human Services' Office of Inspector General concluded that Medicaid's net costs¹ for the 100 most prescribed brand-name drugs were 34 percent lower than net costs under Medicare Part D. Both Medicaid and Medicare Part D benefit from rebates from drug manufactures. However, the rebates paid to Medicaid for the 100 most prescribed brand-name drugs were three times greater than the rebates paid to Medicare Part D for the same prescription drugs. In addition, while drug rebates reduced Medicare Part D expenditures by 19 percent for the same 100 brand-name drugs, Medicaid saw savings of 45 percent due to mandated rebates.

While the administration of Medicare Part D has been a lost opportunity for cost savings thus far, allowing the Secretary of Health and Human Services to negotiate prescription drug prices as she does for Medicaid beneficiaries would lead to significant deficit reduction in the future without sacrificing seniors' benefits. We have the opportunity to dramatically curb the costs, and at a time of tough budgets for both families and the government, we simply cannot afford to leave these real savings on the table. We strongly encourage you to include this reform in the Committee's legislation to reduce the national debt.

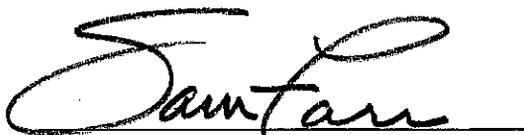
Sincerely,


Maurice D. Hinchey

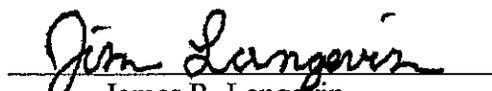

Jan Schakowsky

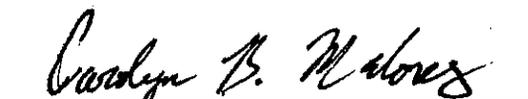

George Miller


Peter Welch


Sam Farr


Jesse L. Jackson Jr.


James R. Langevin


Carolyn B. Maloney

¹ Net costs equal pharmacy reimbursement minus drug manufacturer rebates

John W. Olver
John W. Olver

Barbara Lee
Barbara Lee

Gwen Moore
Gwen Moore

Michael H. Michaud
Michael H. Michaud

James P. Moran
James P. Moran

Jackie Speier
Jackie Speier

Eleanor Norton Holmes
Eleanor Norton Holmes

Rick Larsen
Rick Larsen

John Conyers Jr.
John Conyers Jr.

Keith Ellison
Keith Ellison

Louise M. Slaughter
Louise M. Slaughter

Marcy Kaptur
Marcy Kaptur

Dennis J. Kucinich
Dennis J. Kucinich

Rosa DeLauro
Rosa L. DeLauro



Bob Filner



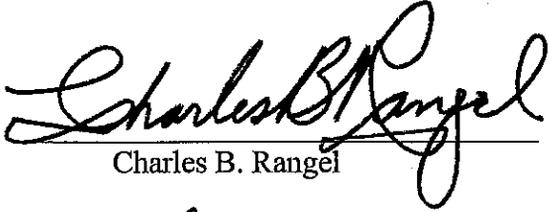
Raul M. Grijalva



Marcia L. Fudge



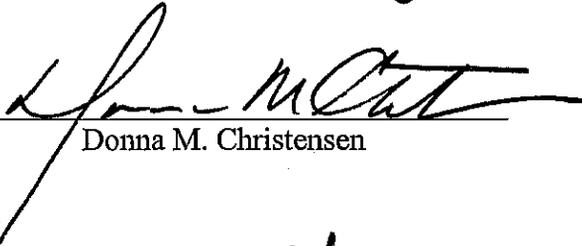
Wm. Lacy Clay



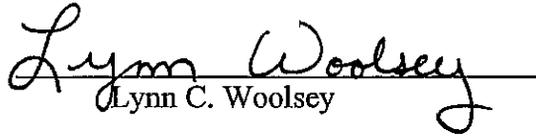
Charles B. Rangel



Earl Blumenauer



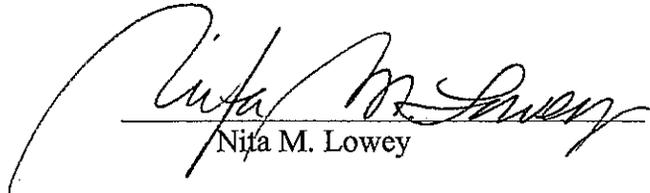
Donna M. Christensen



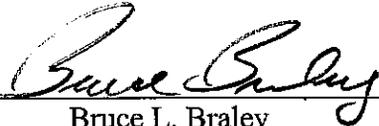
Lynn C. Woolsey



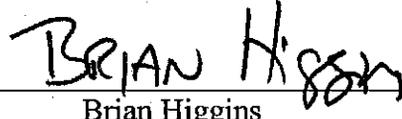
Barney Frank



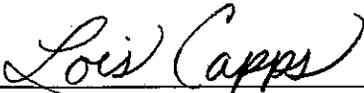
Nita M. Lowey



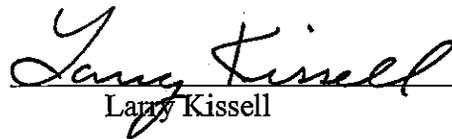
Bruce L. Braley



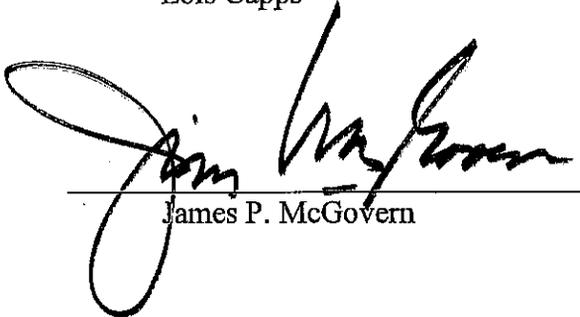
Brian Higgins



Lois Capps



Larry Kissell



James P. McGovern



Shelley Berkley

Hansen Clarke

Hansen Clarke

Kathleen C. Hochul

Kathy Hochul

Paul Tonko

Paul Tonko

Tim Bishop

Tim Bishop

Chellie Pingree

Chellie Pingree

Daniel Lipinski

Daniel Lipinski

Jerrold Nadler

Jerrold Nadler

Kathy Castor

Kathy Castor

Elijah E. Cummings

Elijah E. Cummings

Judy Chu

Judy Chu

Peter A. DeFazio

Peter A. DeFazio

Howard L. Berman

Howard L. Berman

Michael M. Honda

Michael M. Honda

Tammy Baldwin

Tammy Baldwin

Edward J. Markey

Edward J. Markey

Donna F. Edwards

Donna F. Edwards

Dale E. Kildee

Dale E. Kildee

Stephen F. Lynch

Stephen F. Lynch

Lloyd Doggett

Lloyd Doggett

Theodore E. Deutch

Theodore E. Deutch

Susan A. Davis

Susan A. Davis

Joe Baca

Joe Baca

Yvette D. Clarke

Yvette D. Clarke

Bobby Scott

Bobby Scott

John A. Yarmuth

John A. Yarmuth

Christopher S. Murphy

Christopher S. Murphy

Michael E. Capuano

Michael E. Capuano

Charles A. Gonzalez

Charles A. Gonzalez

David N. Cicilline

David N. Cicilline

Mark S. Critz

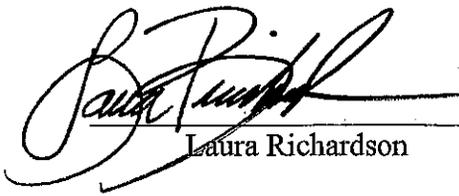
Mark S. Critz

Alcee L. Hastings

Alcee L. Hastings

Karen R. Bass

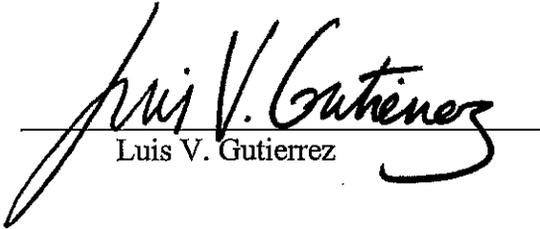
Karen R. Bass



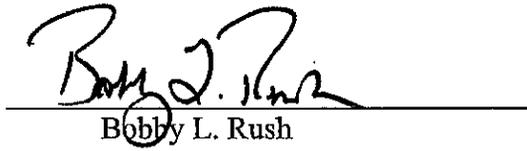
Laura Richardson



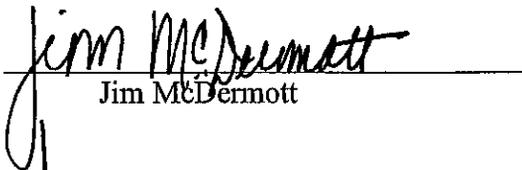
Lucille Roybal-Allard



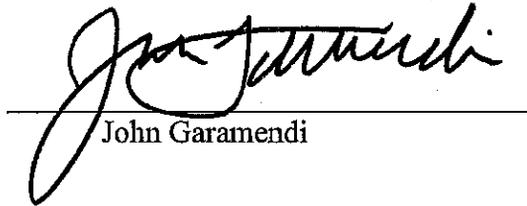
Luis V. Gutierrez



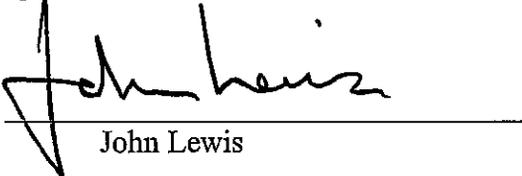
Bobby L. Rush



Jim McDermott



John Garamendi



John Lewis

Robert E. Andrews

Robert E. Andrews