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December 11, 2019

The Honorable Frank Pallone
Chairman
U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515

The Honorable Richard Neal
Chairman
U.S. House of Representatives
Committee on Ways and Means
Washington, DC 20515

The Honorable Robert C. Scott
Chairman
U.S. House of Representatives
Education and Labor Committee
Washington, DC 20515

Dear Chairmen Pallone, Neal, and Scott:

On behalf of the Medicare Rights Center (Medicare Rights), thank you for your work to improve coverage and lower costs for people with Medicare, including the *Elijah E. Cummings Lower Drug Costs Now Act* (H.R. 3). We are pleased to strongly support this landmark bill.

The Medicare Rights Center is a national, nonprofit organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives. Our organization provides services and resources to nearly three million people with Medicare, family caregivers, and health care professionals each year.

Based on this experience, we know that people with Medicare are uniquely impacted by high and rising prescription drug prices. This is partly due to utilization and health status, as Medicare Part D enrollees take an average of 4 to 5 prescriptions per month, and over two-thirds have multiple chronic conditions.¹ At the same time, many Medicare beneficiaries live on fixed or limited incomes that cannot keep pace with rapidly escalating drug prices. Half of all Medicare beneficiaries—nearly 30 million people—live on \$26,200 or less per year, and one quarter have less than \$14,550 in savings.² As a result, most people with Medicare cannot afford to pay more for care. Yet, drug prices continue to climb. Price hikes on brand name drugs have

¹ Purvis, Leigh; et al., AARP Public Policy Institute, "Trends in Retail Prices of Prescription Drugs Widely Used by Older Americans: 2017 Year-End Update," (September 2019), available at: <https://www.aarp.org/content/dam/aarp/ppi/2019/09/trends-in-retail-prices-of-prescription-drugs-widely-used-by-older-americans.doi.10.26419-2Fppi.00073.003.pdf>.

² Jacobson, Gretchen; et al., Kaiser Family Foundation, "Income and Assets of Medicare Beneficiaries, 2016-2035," (April 21, 2017), available at: <https://www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2016-2035/>.

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exceeded the rate of inflation every year since at least 2006³ and new drugs are launching at ever-higher price points, further embedding unaffordability into the system.⁴

These trends have serious health and financial implications for older adults and people with disabilities. Bankruptcy is on the rise among people 65 and older, and medical debt is big reason why—accounting for 60% of those filings.⁵ And beneficiaries who cannot purchase their medications or pay for coverage may be forced to go without care—leading to worse health outcomes and quality of life. The cost to the Medicare program is also extreme, as beneficiaries who forgo needed care and experience declining health as a result may need more costly interventions later, like emergency department or inpatient care.⁶

Immediate action is needed to transform the nation’s drug pricing system in ways that will lower prices, strengthen Medicare, and promote the well-being of those who rely on its coverage. H.R. 3 would significantly advance these goals, in part by authorizing Medicare to negotiate prices for certain drugs; imposing inflationary rebates in Parts B and D; and restructuring the Part D benefit in ways that would cap beneficiary out-of-pocket costs at \$2,000 per year, reduce the federal government’s liability, and better align pricing incentives.

These and other changes would lower drug costs for beneficiaries and reduce spending for the Medicare program, saving nearly \$500 billion over 10 years.⁷ Notably, it would reinvest some of these extensive savings back into Medicare to strengthen and expand the program. We appreciate this approach, which would allow cost-saving Medicare changes to beget additional reforms, and also support the prioritized investments. These policies would achieve historic coverage and affordability gains—easing access to Medicare’s low-income assistance programs, establishing new Medigap enrollment rights, and adding comprehensive dental, vision, and hearing benefits to Medicare Part B.

The bill would also strengthen federal agency reporting requirements regarding the Medicare Part D appeals process, introducing much-needed transparency into the system. The current data collection standards are woefully inadequate, failing to capture instances of and beneficiary experiences with point-of-sale rejections. HR 3 would solve for this, resulting in more complete information about enrollee access to needed medications. This critical improvement would fill long-standing gaps in knowledge, increase accountability, and inform future policymaking. We applaud the inclusion of these long overdue, commonsense reforms.

Again, thank you for your leadership. We urge passage of H.R. 3 without delay. The bill’s transformational improvements and investments are critical to ensuring people with Medicare have meaningful access to affordable health care and prescription drug coverage, now and in the future.

Sincerely,



Fred Riccardi
President
Medicare Rights Center

³ Purvis, Leigh; et al., AARP Public Policy Institute, “Trends in Retail Prices of Prescription Drugs Widely Used by Older Americans: 2017 Year-End Update,” (September 2019) available at: <https://www.aarp.org/content/dam/aarp/ppi/2019/09/trends-in-retail-prices-of-prescription-drugs-widely-used-by-older-americans.doi.10.26419-2Fppi.00073.003.pdf>.

⁴ 46brooklyn, “Drug Price Increases Have Slowed, but New Analysis Shows Launch Prices Pushing Costs into Orbit” (October 15, 2019) available at: <https://www.46brooklyn.com/research/2019/10/11/three-two-one-launch-rfmyr>.

⁵ Lazarony, Lucy, Next Avenue, “Why So Many People 55+ Are going Bankrupt and How to Bounce Back” (October 29, 2019) available at: <https://www.nextavenue.org/bankruptcy-bounce-back/>.

⁶ Lee, Shinduk et al., “Attitudes, Beliefs, and Cost-Related Medication Nonadherence Among Adults Aged 65 or Older With Chronic Diseases” (December 6, 2018) *Prev Chronic Dis* 2018;15:180190, available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6292137/#>.

⁷ Congressional Budget Office, “Budgetary Effects of H.R. 3, the Elijah E. Cummings Lower Drug Costs Now Act” (December 10, 2019) available at: https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf.