



February 2, 2017

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative,

On behalf of the more than 1.8 million members and supporters of our respective organizations, **we urge you to oppose any attempts to change the successful and cost-saving process by which drug prices are negotiated for Medicare Part D.**

When Congress created Part D, a non-interference clause was included to prevent the secretary of Health and Human Services (HHS) from interfering with the robust private-sector negotiations that occur among pharmacy benefit managers (PBMs), pharmaceutical manufacturers, and pharmacies. PBMs use a variety of methods, such as acquiring price concessions from both brand-name and generic drug manufacturers, rebates, and networks of more affordable pharmacies to lower drug costs for beneficiaries. PBMs also work with patients on drug adherence to keep them out of hospitals and doctors' offices, which also helps to reduce healthcare costs.

These competitive, private-sector negotiations have been instrumental in making Medicare Part D an all-too-rare example of a government-created program whose expenditures have been significantly less than projected. **In 2005, the Congressional Budget Office (CBO) estimated that Part D would cost taxpayers \$172 billion in 2015; instead the cost was \$75 billion.**

Critics of the current process for determining drug prices claim that there either are no real negotiations or that the secretary should be given the authority to negotiate. The first claim is patently false. In regard to allowing the secretary to negotiate prices, CBO has stated that changing the non-interference clause would have a negligible impact on costs, unless HHS established a formulary, which would lead to a restrictive, limited list of medications eligible for reimbursement by Medicare. In other words, there would be price controls on the drugs, and some medications that are now covered by the program would be cut off.

According to the Center for Medicare and Medicaid Services, there were 41 million beneficiaries enrolled in the Medicare Part D program in 2015. A July 2016 Healthcare Leadership Council survey found that 92 percent of seniors reported that their plan was convenient to use; 88 percent were satisfied with their prescription drug coverage; 86 percent said their plan works well and without hassle; 84 percent reported it was important to them to have a variety of plans to compare and choose from; and, 80 percent stated their plan was a good value.

Price controls never work as advertised and cause more problems than they solve. Medicare Part D is working more effectively than originally anticipated and is helping to keep taxpayer costs under control. **The government should not interfere with something that is not broken.**

Sincerely,



President
Americans for Tax Reform



President
Council for Citizens Against
Government Waste



President
National Taxpayers Union