COMMITTEE ON ENERGY & COMMERCE DEMOCRATS
RANKING MEMBER FRANK PALLONE, JR.

FOR IMMEDIATE RELEASE
July 13, 2015

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Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
House Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
Hearing on "Medicare Part D: Measures Needed to Strengthen Program Integrity"

Thank you, Chairman Murphy for holding this important hearing. The Medicare Part D program has been a great success for our nation's seniors and for people with disabilities, and I am glad we are here today to discuss ways to strengthen and improve the program.

For decades before its enactment, seniors and disabled Americans, often living on fixed incomes, struggled to afford the rising costs of prescription drugs.

Now, more than 40 million Americans have access to affordable medications through the Medicare Part D program.

The Affordable Care Act strengthened Part D and took crucial steps to improve affordability and access by closing the gap in coverage where beneficiaries pay the full cost of their prescriptions, known as the donut hole. Before the ACA, many beneficiaries struggled with crippling out-of-pocket costs in the coverage gap.

The ACA gradually phases out the donut hole, and closes it completely by 2020. Since the law's enactment, 9.4 million seniors and people with disabilities have saved over $15 billion on prescription drugs, an average of $1,598 per beneficiary. In 2014 alone, nearly 5.1 million seniors and people with disabilities saved $4.8 billion, or an average of $941 per beneficiary.

These are real dollars and real savings for Americans, allowing them to live healthier lives and have the peace of mind that they won't have to decide between putting food on the table or paying for lifesaving medications.

In addition, the ACA strengthened Medicare by improving the solvency of the program and strengthening program integrity. Notably, the law moved beyond the traditional "pay and chase" model to a preventative approach that seeks to keep fraudulent suppliers out of the program before fraud, waste, and abuse occur.

For example, under authorities in the ACA, CMS recently issued a final regulation that requires all Part D prescribers to enroll in Medicare. This will help ensure that Part D drugs are only prescribed by individuals who are qualified under state law and under the requirements of

the Medicare program, and it implements a long standing recommendation by the Department's Office of Inspector General.

The same rule also gives CMS the authority to revoke a provider's Medicare Part D enrollment status under certain circumstances, including if CMS determines that the provider represents a threat to the health and safety of Medicare beneficiaries or has a pattern of prescribing Part D drugs that is abusive.

Finally, to reduce prescription drug abuse and diversion, CMS now requires plan sponsors to implement internal controls to prevent overutilization of both opioids and acetaminophen.

These steps and many others are transforming Medicare Part D program integrity efforts, making them more data-driven and risk-based. I look forward to hearing from both the Office of Inspector General and from CMS about the important steps the Agency has taken to improve program integrity in Part D.

I'd also like to highlight the important bipartisan work of this Committee to address one of the OIG's recommendations to improve Part D program integrity. In 2014, the OIG once again recommended that CMS seek statutory authority to implement a pharmacy "lock-in" program that would allow prescription drug plan sponsors in Medicare Part D to develop safe prescribing and dispensing programs for beneficiaries that are prescribed high volumes of controlled substances.

I introduced legislation on this issue immediately following the OIG's earlier work, the Medicare Prescription Drug Integrity Act of 2013. I am gratified that H.R. 6, the 21st Century Cures Act, passed overwhelmingly by the House last Friday, acts on this recommendation and gives Part D plan sponsors the authority to establish these lock-in programs. This provision strikes the right balance to protect the integrity of the Part D program and improve patient safety, while carefully protecting beneficiary access. It is a strong example of what this Committee can achieve when working in a bipartisan manner to implement commonsense policy solutions.

I look forward to hearing from Assistant Inspector General Maxwell about the OIG's outstanding recommendations and from Dr. Agrawal regarding CMS's ongoing efforts to strengthen Part D.

Thank you to the Chairman for convening this hearing today, and I yield back.

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