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**STATEMENT FOR THE RECORD  
SUBMITTED TO THE HOUSE ENERGY & COMMERCE HEALTH  
SUBCOMMITTEE**

**By  
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**May 17, 2016**

**AARP Reiterates Its Support for CMS' Medicare Part B Drug Payment  
Model as the House Committee on Energy and Commerce Considers a  
Measure to Block It**

AARP supports the Centers for Medicare & Medicaid Services' (CMS) demonstration project that modifies how Medicare pays for certain prescription drugs administered by physicians and other clinicians. The proposed model aligns with ongoing bipartisan efforts to shift U.S. health care away from a volume-based system to one that reimburses based on health care quality and innovation. This project is a thoughtful, measured approach to modernizing the way that Medicare pays for what are often incredibly expensive drugs. Many of the changes that CMS is considering in this demonstration project are already being used in the private sector.

Given current prescription drug price and spending trends, it is imperative that policymakers find ways to ensure that treatments are chosen based on how well they work and not their price tag. Thoughtful efforts to move towards higher value and improved quality of care in the Medicare Part B program are far preferable to the unsustainable escalations in beneficiary and taxpayer spending that would accompany maintaining the status quo.

Last year, Medicare Part B spent \$22 billion on prescription drugs, double the amount spent in 2007. Beneficiary cost sharing is 20 percent with no out-of-pocket limit, leaving some older adults and people with disabilities with out-of-pocket costs that can reach as much as \$100,000 per year or more. Like all Americans, Medicare beneficiaries cannot continue to absorb the costs associated with skyrocketing prescription drug prices indefinitely; the median annual income for Medicare beneficiaries is less than \$25,000 and one in four have less than \$12,000 in savings.

AARP applauds CMS for its commitment to improving the quality of care for Medicare beneficiaries. Contrary to how it has been portrayed by various entities that benefit financially from the current Medicare Part B payment system, there is longstanding and widespread support for the ideas underpinning this proposal. Indeed, given the outlook for the U.S. health care system, taxpayers, and beneficiaries, it is critical that CMS be able to evaluate ways to more effectively hold down prescription drug spending.

We encourage CMS to respond as appropriate to concerns raised by some stakeholders and to make improvements that we have suggested in our formal comments, including enhanced monitoring and oversight. Similarly, we urge Members of Congress to focus their efforts on constructive refinements to the proposed model instead of ill-advised legislative efforts that would block this worthwhile initiative from moving forward.

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