

Statement of American Federation of Labor and Congress of Industrial Organizations
815 Sixteenth Street, NW
Washington DC 20006

House Energy and Commerce Committee
Subcommittee on Health

“The Patient and Doctor Perspective” and H.R. 5122, to prohibit further action on the proposed rule regarding testing of Medicare Part B prescription drug models

May 17, 2016

The AFL-CIO submits this statement on behalf of its 56 affiliate unions, which collectively represent 12.5 working men and women, and our community affiliate, Working America.

Many seniors rely on prescription drugs for their health and well-being, but much of their limited retirement income is dedicated to paying for those drugs. Last year, Medicare part B spent \$22 billion on prescription drugs, and many seniors cannot afford the 20 percent they are required to pay.

That is why the AFL-CIO supports the Centers for Medicare and Medicaid Services (CMS) rulemaking regarding physician reimbursement for Medicare Part B prescription drugs.

No one would argue against a program that improves health outcomes without unnecessary costs, yet the bill that is the subject of this hearing would torpedo a Medicare pilot proposal intended to do just that, long before it is finalized. While those who stand to lose financially have objected strenuously to the proposal, we have not seen any compelling evidence that the proposal will have an adverse effect on patient health because of impaired access to needed medications or that any legitimate concerns raised through the rulemaking process will not or cannot be addressed by CMS in the final rule or during the proposal’s implementation.

Aligning how doctors get paid by Medicare with the patient’s best interest is the right thing to do. The current system creates a clear and significant financial incentive to prescribe a medication because it has a higher price tag than an alternative drug, regardless of whether that higher-priced drug will provide the best treatment for the patient. Perverse systemic incentives like this are at the root of the quality and cost problems facing our nation’s health care system, and they must be addressed.