



President
Robert Roach, Jr.

Secretary-Treasurer
Joseph Peters, Jr.

May 16, 2016

The Honorable Fred Upton
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Frank Pallone
Ranking Member
House Energy and Commerce Committee
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Pallone,

The Alliance for Retired Americans, representing more than 4.3 million older Americans, supports the Centers for Medicare and Medicaid Services' (CMS) Part B demonstration project. This proposed rule will test new payment models for prescription drugs covered under Part B, which are drugs administered in a doctor's office or in an outpatient setting.

Drug costs, particularly under the Part B program, continue to outpace inflation. Prescription medications administered under Part B are specialty drugs, including biologics, and are some of the most expensive drugs on the market. In 2013, the average widely used specialty drug cost \$53,384. Last year, Medicare spent \$22 billion on Part B drugs. This is a two-fold increase over the \$11 billion spent in 2007. The increased costs are passed on to taxpayers, as well as to Medicare beneficiaries in the form of Part B premiums and out-of-pocket costs.

CMS' current reimbursement policy incentivizes doctors to choose more expensive drugs, without considering less expensive alternatives which are often more effective. The pilot payment model will allow physicians to administer medications based on drug efficacy rather than monetary considerations. The proposed rule would enhance care for Medicare beneficiaries without adversely impacting access to needed drug therapies or affecting a provider's ability to make treatment decisions that best meet the patient's needs. The proposed rule will also allow CMS to develop evidence-based clinical practice guidelines that will be a useful tool for providers.

We welcome CMS' efforts to explore payment alternatives and advance value-driven care, as is now done in the private sector. The rise in use of specialty drugs, including biologics, is putting pressure on the Medicare program, threatening to drive up costs. Every effort must be made to ensure that Medicare dollars are used wisely while putting patients' health first.

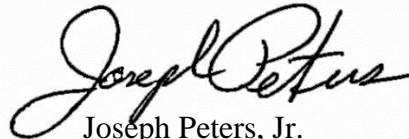


The proposed Part B demonstration project makes good sense. It will help reduce costs for beneficiaries and taxpayers without compromising care and help extend the solvency of the Medicare trust fund. We urge Congress to allow CMS to move forward on the demonstration project.

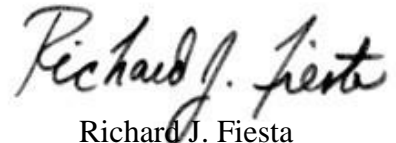
Sincerely,



Robert Roach, Jr.
President



Joseph Peters, Jr.
Secretary-Treasurer



Richard J. Fiesta
Executive Director

