



May 16, 2016

Congresswoman Jan Schakowsky
2367 Rayburn House Office Building
Washington, DC 20515

Dear Congresswoman Schakowsky:

On the occasion of tomorrow's Energy & Commerce Health Subcommittee hearing, I write to you today on behalf of the 1.2 million active and retired members of the United Steelworkers (USW) in support of the rule proposed by the Centers for Medicare & Medicaid Services (CMS) that would implement pilot programs to test new Medicare Part B drug payment models.

The USW is the largest industrial union in North America and represents workers in a range of industries including metals, mining, rubber, paper and forestry, oil, health care, security, hotels, municipal governments and agencies. The vast majority of the USW retirees receiving health care coverage are enrolled in Medicare, which is the primary payer. Retiree health care plans negotiated with employers and Voluntary Employees' Beneficiary Associations (VEBAs) provide secondary coverage. The USW provides coverage to its Medicare-eligible members through a variety of Medicare Advantage plans and through plans that "wrap" original Medicare.

Overall, the high and rising cost of prescription drugs is a concern for USW members and retirees. Our union supports innovative solutions to bring down costs including the proposed pilot programs to test value-based payment models for prescription drugs covered under Medicare Part B. As indicated in the proposed rule, many of these payment models already are being successfully used by entities in the private sector.

Unfortunately, the current Part B drug payment formula creates an economic incentive for providers to administer high cost drugs, even where there is a lower cost alternative that would be equally or more effective. The proposed pilot programs would eliminate this unfortunate incentive and would not restrict the ability of providers to prescribe whatever medications they believe are necessary and proper for their patients.

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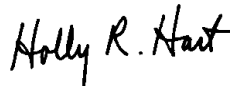
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Based on our own experience and the experiences of other private sector entities, we believe that the value-based purchasing models have the potential to reduce expenditures for prescription drugs, while maintaining or enhancing the quality of care for patients. Thus, we believe the proposed pilot programs will be able to show reductions in Medicare expenditures for Part B drugs. And, significantly, it will help to reduce out-of-pocket expenses for many individual beneficiaries for prescription drugs covered by Part B.

The proposal for the pilot program is just that—a proposal for a pilot. Therefore, while we offer support for the pilot, USW believes it is important for CMS to put in place mechanisms to monitor the impact of the pilot programs on the access of beneficiaries to providers. Specifically, we urge CMS to do periodic analyses and make prompt changes should analyses reveal problems in access.

In conclusion, USW applauds CMS for issuing the proposed rule on Medicare Part B drug payment models. In our judgment, these models have the potential to provide significant benefits, both to Medicare and to private retiree health care plans, as well as to beneficiaries.

Sincerely,



Holly R. Hart
Assistant to the International President
Legislative Director