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September 23, 2019

The Honorable Anna G. Eshoo  
Chairwoman, Subcommittee on Health  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Michael C. Burgess  
Ranking Member, Subcommittee on Health  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairwoman Eshoo and Ranking Member Burgess:

On behalf of the members of the American Federation of State County and Municipal Employees (AFSCME), I request this letter be included in the record for the September 25 hearing on "Making Prescription Drugs More Affordable: Legislation to Negotiate A Better Deal for Americans."

The subcommittee has previously adopted common sense legislation to block brand name and generic drug corporations from thwarting competition. We applaud the subcommittee for taking the next step to consider bold legislation to help retirees and all Americans better afford their medication by empowering the federal government to negotiate lower prices and lowering out-of-pocket costs. For too long drug corporations have gone unchecked in setting sky-rocketing prescription drug prices.

**Congress Must Act to Lower Drug Prices for All Americans**

We strongly support the Lower Prescription Drug Costs Now Act (H.R. 3), which will lower drug prices, including for insulin, regardless of whether people get their health coverage through a job, the Affordable Care Act (ACA), Medicare or other insurance. We cannot overemphasize the importance of lowering prescription drug prices for all Americans.

Currently, many lifesaving and essential medicines have no market competition. Coverage of prescription drugs is an essential benefit for most workplace health plans. Medicare, Medicaid and ACA plans must cover a comprehensive range of prescription drugs. Some drug corporations price gouge because they are the single source for a drug that must be available under a health plan and therefore have unchecked power to set prices. Congress must ensure that our government plays a strong role to restore balance against that unchecked power. H.R. 3 will direct the federal government to stand on the side of all Americans and protect us from price gouging by directly negotiating for lower prescription drug prices.

**American Federation of State, County and Municipal Employees, AFL-CIO**

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If Congress takes action to limit government negotiations to lower only Medicare drug prices, then drug manufacturers would likely seek to raise prices elsewhere. This would harm those of us who rely on job-based or private insurance, which accounts for 56 percent of the population, and 42 percent of drug spending. We have already seen how prescription drug manufacturers quickly raised prices on some federal health programs, when they had to lower their prices for another government health program.<sup>1</sup> H.R. 3 wisely does not leave anyone behind in the effort to secure affordable medications. *We urge you to similarly protect all Americans, not just those covered by Medicare Part B or D, from unjustified price hikes above inflation.*

### **Congress Should Support Negotiations That Consider Comparative Clinical Effectiveness**

H.R. 3 and the Medicare Negotiation and Competitive Licensing Act of 2019 (H.R. 1046) direct that price negotiations consider the relative effectiveness of a medicine as compared to others. We strongly support relying on comparative clinical effectiveness in negotiations. This helps ensure that truly innovated drugs are rewarded with a higher but fair price. It also gives drug manufacturers an incentive to focus efforts on developing medicines that offer significant not minimal clinical improvements. We also support the incorporation of international indexing in H.R. 3 and H.R. 1046 from countries that assess and reward comparative clinical effectiveness.

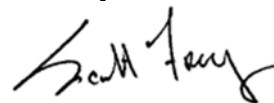
### **Congress Should Use Savings to Improve Medicare and Invest in Innovation**

We support the goal of H.R. 3 to reinvest the savings achieved through negotiations into the quest for cures and to improve Medicare benefits.

### **Summary**

Prescription drug companies will not give up their power to set prices as high as they want or to raise them anytime they want without a fight. We urge you to continue with determination and persistence to improve the lives of all Americans by putting the federal government on the side of all Americans to protect us from price gouging by directly negotiating for lower prescription drug prices.

Sincerely,



Scott Frey  
Director of Federal Government Affairs

SF/LB:cg

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<sup>1</sup> See Medicaid: Changes in Drug Prices Paid by VA and DOD Since Enactment of Rebate Provisions (GAO/HRD-91-139; September 1991) and Health Policy Brief: Veterans Health Administration, "Health Affairs, August 10, 2017. DOI: 10.1377/hpb20171008.000174