



**STATEMENT OF
DR. CATHERINE ALICIA GEORGES
ON BEHALF OF
AARP**

**BEFORE THE
U.S. HOUSE WAYS AND MEANS COMMITTEE
ON**

**“INVESTING IN THE U.S. HEALTH SYSTEM BY
LOWERING DRUG PRICES, REDUCING OUT-OF-
POCKET COSTS, AND IMPROVING MEDICARE
BENEFIT”**

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Good morning, Chairman Neal, Ranking Member Brady and members of the Committee. My name is Dr. Catherine Alicia Georges. I am the National Volunteer President for AARP, a nonpartisan, nonprofit, nationwide organization with nearly 38 million members in all 50 States, DC, and the U.S. territories. For more than 40 years, I have also been a nurse and involved in academic nursing – both teaching and developing courses. Thank you for the opportunity to discuss rising prescription drug prices, their impact on older Americans, and enhancements to the Medicare program. AARP supports H.R. 3 because it will help lower prescription drug prices and the costs older Americans face. We are also pleased the committee is considering making key investments in the Medicare program.

Prescription drug prices are a high priority for AARP and its members. Older Americans struggle to afford needed and life-saving medications. The average Medicare Part D enrollee takes more than 4 prescriptions per month, and over two-thirds have two or more concurrent chronic illnesses. At the same time, most Medicare beneficiaries live on modest incomes, with an annual median income of just over \$26,000. One-quarter have less than \$15,000 in savings. This is not a population that has the resources to absorb rapidly escalating prescription drug prices. Many are facing the very real possibility of having to choose between their medication and other basic needs such as food or housing.

It should come as no surprise that our members consistently tell us they cannot afford the medications they need, and are forced to make difficult choices as a result. In a recent survey of voters age 50 and older, 80% say they take prescription drugs on a regular basis and 72% say they are concerned about being able to afford the cost of prescription drugs. Moreover, 40% responded that they did not fill a prescription prescribed by their doctor in the past two years. The vast majority of people reporting such behavior blamed higher drug prices for their decision.

For example, one of our members – Larry from Maryland – suffers from Parkinson's disease, which forced him to retire from law enforcement 10 years ago. Even with his insurance, he pays \$3,200 every month for his prescription drugs. In his words, he pays for his medications with "credit cards and juggling Peter to pay Paul," and has recently started tapping into his IRA to help pay for his prescription drugs.

We have also heard from an AARP member named Doug who is with me here today, who lives in Iowa. He had a kidney transplant a few years ago and now takes 32 pills every single day. He spends \$500 a month on his medication, and those costs have forced him to move and get a part time job in order to afford his medications.

It is with Larry, Doug, and millions of other older Americans struggling to afford their prescription medications in mind that AARP launched our "Stop Rx Greed" campaign, calling on state and federal legislators to enact solutions that target the root of this problem – the high prices set by drug manufacturers. At the federal level, AARP is focused on three key priorities: 1) lowering drug prices, such as by having Medicare negotiate prescription drug prices and adding an inflation-based rebate; 2) imposing an out-of-pocket cap for beneficiaries in Medicare Part D; and 3) increasing generic competition to get lower priced drugs to market faster. While there is no silver bullet to a problem of this scope, we believe that these three reforms will go a long way towards

making prescription drugs more affordable for older Americans, saving taxpayers' money, and helping to protect critical programs like Medicare and Medicaid.

AARP has been tracking the prices of widely-used prescription drugs since 2004. A recent Rx Price Watch Report found that the retail prices of widely used brand name drugs increased by an average of 8.4% in 2017 – four times the rate of inflation.

Our work also found that the average annual price increases for brand name drugs has exceeded the corresponding rate of inflation every year since at least 2006. More importantly, this problem goes beyond a few bad actors: virtually all of the manufacturers we track have consistently raised their prices over the past 12 years.

Rising prices have also meant that more seniors reach the catastrophic threshold level in Medicare Part D, where seniors may still be required to pay thousands of dollars more for their medications. A true out-of-pocket cap will provide needed cost relief for seniors. AARP also strongly supports adding meaningful liability for prescription drug manufacturers, without which the proposed new cap would simply reward drug manufacturers for their egregious behavior, and lead to even higher prices, premium and cost-sharing increases, and increased Medicare spending.

Simply put, current prescription drug price trends are not sustainable. There is no reason Americans should continue to have to pay the highest brand-name drug prices in the world. No one should be forced to choose between buying groceries and buying the prescription drugs they need. It is long past time for Congress to take action to lower prescription drug prices.

Additionally, AARP has long supported closing the gaps in health coverage by including dental, hearing, and vision coverage in the Medicare program. The lack of coverage for these important health benefits leads to worse health outcomes for older Americans and could actually cause higher Medicare spending.

We know the majority of Medicare spending is on the fraction of beneficiaries with chronic conditions, such as diabetes and heart disease. We know social isolation can hasten the onset of dementia, and an AARP study shows it costs Medicare an additional \$6.7 billion a year. And we know that falls resulting from imbalance, weakness, or poor sight can lead to costly hospitalizations and long-term care.

Meanwhile, Medicare does nothing to prevent infections originating in the mouth. It does nothing to help people retain or replace their teeth in order to eat and be properly nourished. It does little to help people speak, smile, or build relationships to fight off loneliness. And it does little to help people hear and see obstacles. In short, Medicare will cover the expensive aftermath, but not the less expensive prevention.

Some Medicare Advantage plans and Medicaid programs recognize the value of dental, hearing, and vision in keeping people healthier longer. But their coverage is inconsistent, and not nearly robust enough. In order to achieve the best possible health outcomes, and the greatest value, Medicare should cover the entire person – from head to toe.

It is time for Congress to take action to rein in high drug prices and add essential coverage like hearing, dental and vision benefits to care for the whole person. We appreciate the leadership of this committee. Thoughtful efforts to help reduce prescription drug prices and cover needed services could save tens of billions of dollars for patients, taxpayers, and our health care system. More importantly, they will help ensure that all Americans have affordable access to the drugs and care that they need to get and stay healthy.

Thank you and I look forward to your questions.