



Medicare Rights Center Statement for the Record
“Negotiating a Better Deal: Legislation to Lower the Cost of Prescription Drugs”
U.S. House Committee on Energy & Commerce, Subcommittee on Health

May 4, 2021

Chairwoman Eshoo, Ranking Member Guthrie, and Members of the Subcommittee on Health, on behalf of the Medicare Rights Center, thank you for your work to improve coverage and lower costs for people with Medicare, including the *Elijah E. Cummings Lower Drug Costs Now Act* (H.R. 3). We are pleased to support this important bill.

The Medicare Rights Center is a national, nonprofit organization that works to ensure access to affordable, equitable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives. Our organization provides services and resources to nearly three million people with Medicare, family caregivers, and health care professionals each year.

Based on this experience, we know that people with Medicare are uniquely impacted by high and rising prescription drug costs. This is partly due to utilization and health status, as Medicare Part D enrollees take an average of 4 to 5 prescriptions per month, and over two-thirds have multiple chronic conditions.¹ At the same time, many Medicare beneficiaries live on fixed or limited incomes that cannot keep pace with rapidly escalating drug prices. Half of all Medicare beneficiaries—nearly 30 million people—live on \$29,650 or less per year, and one quarter have less than \$8,500 in savings.² Although most people with Medicare cannot afford to pay more

¹ Purvis, Leigh; et al., AARP Public Policy Institute “Trends in Retail Prices of Prescription Drugs Widely Used by Older Americans: 2017 Year-End Update” (September 2019) <https://www.aarp.org/content/dam/aarp/ppi/2019/09/trends-in-retail-prices-of-prescription-drugs-widely-used-by-older-americans.doi.10.26419-2Fppi.00073.003.pdf>.

² Koma, Wyatt; et al., Kaiser Family Foundation “Medicare Beneficiaries’ Financial Security Before the Coronavirus Pandemic” (April 24, 2020) <https://www.kff.org/medicare/issue-brief/medicare-beneficiaries-financial-security-before-the-coronavirus-pandemic/>.

for care, annual drug price hikes consistently exceed the rate of inflation³ and new drugs are launching at ever-higher price points, further embedding unaffordability into the system.⁴

These trends have serious health and financial implications for older adults and people with disabilities. Bankruptcy is on the rise among people 65 and older, with medical debt accounting for 60% of those filings.⁵ And beneficiaries who cannot purchase their medications or pay for coverage may be forced to go without care, leading to poorer health and quality of life. The cost to the Medicare program is also extreme, as beneficiaries who forgo needed services and experience declining health as a result may need more costly interventions later, like emergency department or inpatient care.⁶

Immediate action is needed to transform the nation's drug pricing system in ways that will lower prices, strengthen Medicare, and promote the well-being of those who rely on its coverage. H.R. 3 would significantly advance these goals, in part by authorizing Medicare to negotiate prices for certain drugs; imposing inflationary rebates; and restructuring Part D to cap beneficiary out-of-pocket costs at \$2,000 per year, reduce the federal government's liability, and better align pricing incentives.

According to prior estimates, these and other changes in H.R. 3 would lower drug costs for beneficiaries and reduce Medicare spending, saving the program nearly \$500 billion over 10 years.⁷ We urge you to again reinvest these savings into Medicare, to make coverage more affordable and available. In particular, we support the approach taken in the last Congress to ease access to Medicare's low-income assistance programs; establish new Medigap enrollment rights; and add comprehensive dental, vision, and hearing benefits to Medicare Part B.

We also urge you to include reforms to the Medicare Part D appeals process in H.R. 3. Despite being a much-needed safety valve, this system is overly onerous and deeply flawed. Its inefficiencies can lead to medication delays, reduced adherence to treatment protocols, worse health outcomes, and higher costs. To address this, we recommend improving and modernizing the Part D appeals process by strengthening data collection, transparency, and oversight;

³ Purvis, Leigh; et al., AARP Public Policy Institute "Trends in Retail Prices of Prescription Drugs Widely Used by Older Americans: 2017 Year-End Update" (September 2019) <https://www.aarp.org/content/dam/aarp/ppi/2019/09/trends-in-retail-prices-of-prescription-drugs-widely-used-by-older-americans.doi.10.26419-2Fppi.00073.003.pdf> and Inmaculada Hernandez, et al., "Changes in List Prices, Net Prices, and Discounts for Branded Drugs in the US, 2007-2018" (March 3, 2020) <https://pubmed.ncbi.nlm.nih.gov/32125403/>.

⁴ 46brooklyn, "Drug Price Increases Have Slowed, but New Analysis Shows Launch Prices Pushing Costs into Orbit" (October 15, 2019) <https://www.46brooklyn.com/research/2019/10/11/three-two-one-launch-rfmyr>.

⁵ Lazarony, Lucy, Next Avenue, "Why So Many People 55+ Are going Bankrupt and How to Bounce Back" (October 29, 2019) <https://www.nextavenue.org/bankruptcy-bounce-back/>.

⁶ Lee, Shinduk et al., "Attitudes, Beliefs, and Cost-Related Medication Nonadherence Among Adults Aged 65 or Older With Chronic Diseases" (December 6, 2018) <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6292137/#>.

⁷ Congressional Budget Office, "Budgetary Effects of H.R. 3, the Elijah E. Cummings Lower Drug Costs Now Act" (December 10, 2019) https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf.

requiring independent redeterminations; raising the cost threshold for the specialty tier and allowing tiering exceptions; and improving plan communications with enrollees, including at the pharmacy counter. To that end, we specifically support legislation introduced in the 116th Congress, the bipartisan Streamlining Part D Appeals Process Act (H.R. 3924).⁸ This commonsense bill would give people with Medicare more timely information about their plan's coverage decision and eliminate unnecessary administrative steps, lessening burdens systemwide.

Thank you for your consideration and leadership. We look forward to continued collaboration on efforts to improve prescription drug access and affordability for people with Medicare.

Sincerely,

A handwritten signature in cursive script that reads "Fred Riccardi".

Fred Riccardi
President
Medicare Rights Center

⁸ H.R. 3924, <https://www.congress.gov/bill/116th-congress/house-bill/3924> and Medicare Rights Center, "Congress Must Streamline the Medicare Part D Prescription Drug Appeals Process" (2019) <https://www.medicarerights.org/pdf/s.1861-hr.3924-fact-sheet.pdf>.