

The Honorable Nancy Pelosi  
Speaker of the House  
1236 Longworth House Office Building  
Washington, DC 20515

The Honorable Frank Pallone  
House Energy and Commerce Chairman  
2107 Rayburn House Office Building  
Washington, DC 20515

The Honorable Richard Neal  
House Ways and Means Chairman  
2309 Rayburn House Office Building  
Washington, DC 20515

April ##, 2019

Dear Speaker Pelosi, Chairman Pallone and Chairman Neal,

Our organizations strongly agree with the Better Deal platform's promise to the American people to end the restriction that prohibits direct government drug price negotiations for Medicare.<sup>1</sup>

"The *Better Deal* program eliminates this restriction on Medicare, and empowers the government to leverage the bargaining power of the 41 million Americans enrolled in Medicare Part D and fight for the best possible deal on drug prices."

The *Better Deal* promise means:

- 1) *Eliminating* the noninterference clause that prohibits Medicare Part D from negotiating drug prices, not just modify it for *some* drugs.
- 2) Obtaining the "best possible deal" on *all* drugs (not only those with particularly high costs or with limited competition in therapeutic class) with *powerful backstop authority* such as competitive licensing, in cases where brand-name companies refuse to agree to a reasonable price. This strategy ensures prices always come down, while guaranteeing patients' access to medicines. The backstop should be sufficiently powerful to incentivize drug companies to agree to reasonable prices and such that the expectation would be that it is rarely used. It should not delegate decisions about what constitutes reasonable pricing to third parties.

We are concerned by reports we have seen suggesting that a new government authority for Part D would only apply to a narrow class of drugs or that the leverage provided to the Secretary may be insufficient to realize the scale of savings necessary to provide Medicare beneficiaries with significant relief.

High drug prices are forcing patients to leave prescriptions unfilled, cut pills in half, and self-ration treatment.<sup>2</sup> While Medicare Part D price negotiations in isolation are not sufficient for comprehensive

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<sup>1</sup> House Democrats. A Better Deal: Better Jobs, Better Wages, Better Future.

<https://abetterdeal.democraticleader.gov/the-proposals/prescription-drugs/>

<sup>2</sup> Kaiser Family Foundation. Health Tracking Poll – February 2019: Prescription Drugs (March 1, 2019).

<https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-february-2019-prescription-drugs/>.

drug pricing reform, if structured well, they would be a monumental step forward and have dramatic impacts on lowering drug prices and improving access to affordable medicines.

Researchers estimated that in recent years, if through negotiations the government were able to obtain for Medicare Part D the prices achieved by the Department of Veterans Affairs for the same drugs, prices would have been 38% to 50% lower than what was paid.<sup>3</sup> Any Medicare Part D negotiating reform should aim at minimum to achieve VA level savings.

We appreciate your commitment to meeting the needs of people across the country whose health and financial wellbeing are being damaged by exorbitant medicine prices, and are eager to provide any support we can in advancing drug price negotiation legislation that meets the *Better Deal* promise and does not cross the red lines laid out above.

Sincerely,

AIDS Healthcare Foundation

T1 International

American Family Voices

Treatment Action Group

American Medical Student Association

UNITE HERE

Center for Popular Democracy

Yale Global Health Justice Partnership

Community Catalyst

CREDO

Faith in Healthcare

Health Care for America Now (HCAN)

Housing Works

Indivisible

People Demanding Action

People's Action

Progressive Change Campaign Committee

Progressive Democrats of America

Public Citizen

Social Security Works

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<sup>3</sup> Venker B, Stephenson KB, Gellad WF. Assessment of Spending in Medicare Part D If Medication Prices From the Department of Veterans Affairs Were Used. *JAMA Intern Med.* 2019;179(3):431–433. doi:10.1001/jamainternmed.2018.5874