



March 12, 2019

Dear Senators and Representatives:

Older Americans are struggling with rising prescription drug prices and cannot afford to wait any longer. Year-after-year they have seen prices increase by double-digit percentages – with no end in sight. That is why 72 percent of older Americans say they are concerned about the cost of their medications, making it a priority for policymakers to act on prescription drug prices. Today, AARP is launching a nationwide campaign calling on lawmakers in Washington and across the country to enact legislation that will provide relief to older Americans and all consumers struggling to afford their prescription medications. There is no reason Americans should be paying the highest drug prices in the world. The time to act is now.

Rising prescription drug prices hit older Americans particularly hard. Medicare Part D enrollees take an average of 4.5 prescriptions per month, and over two-thirds have two or more concurrent chronic illnesses. When older Americans talk about the impact of high prescription drug prices, they are often talking about costs that they will face every year for the rest of their lives. While prescription drug prices continue to increase, many Medicare beneficiaries live on modest, fixed incomes. The median annual income of a Medicare beneficiary is 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, and many are simply unable to afford the medications they need.

For the last 15 years, AARP has been tracking the prices of widely-used prescription drugs. These reports have found that the average annual price increases for brand name drugs have exceeded the corresponding rate of inflation every year since at least 2006. Our most recent [Rx Price Watch Report](#) found that the retail prices for brand-named drugs increased by an average of 8.4% in 2017 – four times the rate of inflation. AARP's report also examined how drug companies' relentless price increases add up over time. The average annual cost of one brand-name drug – now around \$6,800 – would have been just under \$2,200 in 2017 if retail price changes had been limited to general inflation between 2006 and 2017.¹

We have also seen very large increases in Medicare spending on prescription drugs. Between 2005 and 2016, Medicare Part B drug spending more than doubled from \$12 billion to \$29 billion. Total Medicare Part D spending is approaching \$150 billion. These escalating costs will eventually result in higher taxes, cuts to important public programs, or both.

Current prescription drug price trends are simply not sustainable. High and growing drug prices are affecting all Americans in some way. Their cost is passed along to

¹ <https://www.aarp.org/content/dam/aarp/ppi/2018/09/trends-in-retail-prices-of-brand-name-prescription-drugs-year-end-update.pdf>

everyone with health coverage through increased health care premiums, deductibles, and other forms of cost-sharing. They are also driving larger spending increases for a variety of taxpayer-funded programs. Meanwhile, drug companies are working very hard to try to shift the blame to others in the health care system, leaving them free to set incredibly high prices and increase them with little restraint.

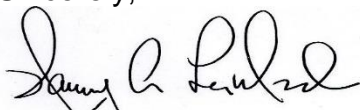
AARP is urging Congress to enact legislation to:

- (1) Authorize the Secretary of Health and Human Services (HHS) to negotiate drug prices on behalf of Medicare's 40 million beneficiaries who rely on Part D. Medicare should use its bargaining power to lower drug prices, which is especially important for the highest priced drugs and those with no competition.
- (2) Cap out-of-pocket costs. In 2015 alone, Medicare Part D enrollees' out-of-pocket spending totaled \$27 billion. Legislation to cap out-of-pocket costs should protect enrollees as well as the financial sustainability of the Medicare program.
- (3) Lower Prescription Drug Prices through Competition. Legislation such as the CREATES Act (S. 340/H.R. 965) and efforts to ban Pay-For-Delay agreements will help lower prices through greater competition and provide consumers with access to lower cost generic medications.

Furthermore, reforms should be targeted at the root cause of the problem: the prices set by drug manufacturers. It is not enough to simply shift spending around within the system, especially if those shifts would lead to higher premiums and higher Medicare spending.

We look forward to working with Congress on a bipartisan basis to enact solutions that will lower prescription drug prices and costs for older Americans. If you have any additional questions, feel free to contact me or have your staff contact Megan O'Reilly, Vice President for AARP Government Affairs, Federal Health and Family at (202) 434-3750.

Sincerely,



Nancy A. LeMond
Executive Vice President and
Chief Advocacy and Engagement Officer