



601 E Street, NW | Washington, DC 20049  
202-434-2277 | 1-888-OUR-AARP | 1-888-687-2277 | TTY: 1-877-434-7598  
www.aarp.org | twitter: @aarp | facebook.com/aarp | youtube.com/aarp

July 25, 2019

The Honorable Chuck Grassley  
Chairman  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Wyden:

AARP, on behalf of its nearly 38 million members and all older Americans, supports your bipartisan legislation, the Prescription Drug Pricing Reduction Act. We commend you for working across the aisle to lower prescription drug prices, premiums and out-of-pocket costs, and save billions of dollars for taxpayers.

American families cannot afford to continue paying the highest prescription drug prices in the world. Older adults are particularly vulnerable. Medicare Part D enrollees take an average of four to five prescriptions per month, and the median annual income for Medicare beneficiaries is approximately \$26,000. One-quarter of seniors have less than \$15,000 in savings. This is not a population that has the resources to absorb rapidly escalating prescription drug prices.

AARP strongly supports provisions in the Prescription Drug Pricing Reduction Act that would require drug manufacturers to provide a rebate to Medicare if the prices of their products increase faster than inflation. Our recent [Rx Price Watch Report](#) found that the average annual price increases for brand name drugs have exceeded the rate of inflation every year since at least 2006. In 2017, the most recent year where data is available, retail prices for brand name 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 and found that 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.<sup>1</sup>

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

AARP also strongly supports the proposal to cap out-of-pocket costs for Medicare Part D beneficiaries, which will provide meaningful relief to millions of older Americans with high drug costs. Today, enrollees who need expensive prescription drugs to stay healthy often pay thousands of dollars out-of-pocket *after* they reach the current out-of-pocket threshold.<sup>2</sup> Unfortunately, more and more Medicare beneficiaries are facing such burdens. MedPAC recently reported that the number of enrollees who reach catastrophic coverage with a single fill of a prescription increased more than ten-fold between 2010 and 2016.<sup>3</sup>

In addition, we strongly support your proposal to require meaningful liability for prescription drug manufacturers. Drug manufacturers' pricing behaviors are a primary driver of increased Medicare Part D spending which has sparked an interest in revisiting the program's benefit structure. Without this provision, the new cap would simply reward drug manufacturers for their egregious behavior and potentially lead to even higher prices, premium and cost-sharing increases as well as increased Medicare spending.

AARP appreciates the range of other important changes that are included in the legislation, including provisions that will increase drug price transparency, reduce drug waste in Medicare Part B, reauthorize the Limited Income Newly Eligible Transition Program (LINET), and strengthen the Medicaid rebate program.

It is long past time for Congress to take action to rein in high drug prices. Your bipartisan legislation is an important step toward ensuring that more Americans have affordable access to the medication they need. We look forward to working with the Committee to advance this legislation. If you have any additional questions, feel free to contact me or have your staff contact Megan O'Reilly on our Government Affairs staff at [moreilly@aarp.org](mailto:moreilly@aarp.org).

Sincerely,



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

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<sup>2</sup> J. Cubanski, W. Koma, and T. Neuman, "The Out-of-Pocket Cost Burden for Specialty Drugs in Medicare Part D in 2019," Kaiser Family Foundation, February 2019.

<sup>3</sup> J.E. Mathews, "Payment policy for prescription drugs under Medicare Part B and Part D," MedPAC testimony before the Subcommittee on Health, Committee on Energy and Commerce, US House of Representatives, April 30, 2019.