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September 19, 2019

The Honorable Frank Pallone
Chairman
U.S. House of Representatives
Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Richard E. Neal
Chairman
U.S. House of Representatives
Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Robert C. Scott
Chairman
U.S. House of Representatives
Education and Labor Committee
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Pallone, Neal and Scott:

AARP, on behalf of its nearly 38 million members and all older Americans nationwide, supports your legislation, H.R. 3, the *Lower Drug Costs Now Act of 2019*. We commend you for working to lower prescription drug prices and the out-of-pocket costs of individuals and families across the country.

There is no reason for Americans to continue paying the highest prescription drug prices in the world. We need immediate action to lower prices, as older adults are particularly hard-hit by outrageously high prescription drug prices. Medicare Part D enrollees take an average of four to five 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.

In addition, 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, and many are simply unable to afford the medications they need.

Prescription drugs do not work if you cannot afford them. AARP's recent [Rx Price Watch Report](#) focused on prescription drugs widely used by older Americans and found that their retail prices

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increased by an average of 4.2% in 2017 – double 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 prescription drug – now around \$19,816 – would have been just under \$7,263 in 2017 if retail price changes had been limited to general inflation between 2006 and 2017, a difference of more than \$12,500. The average annual price increases for brand name drugs have exceeded the corresponding rate of inflation every year since at least 2006.

Simply put, current prescription drug price trends are not sustainable. High and growing drug prices are affecting all Americans in some way. Their high costs are passed along to everyone with health coverage through increased health care premiums, deductibles, and other forms of cost-sharing. This is not only financially challenging for people who need these medicines, it is an unsustainable burden on taxpayers, as these high drug prices cost taxpayers billions of dollars more for programs like Medicare and Medicaid. 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 year-after-year with little restraint. Your legislation will help to put an end to price gouging by drug companies that leave millions of older Americans unable to afford the medications they need and simultaneously shift enormous costs onto taxpayers.

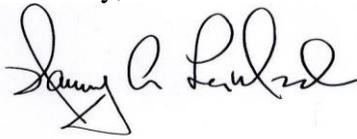
AARP has been working to advance three key policy goals at the federal level: reducing drug prices, capping seniors’ out of pocket costs, and increasing competition. First, we are pleased that your legislation would take important steps to lower drug prices, including providing Medicare the authority to negotiate the price of drugs. Medicare should be able to use its bargaining power to get a better deal for the 40 million Part D beneficiaries, especially for the highest-priced drugs and those drugs with little or no market competition. In addition, we support other policies in the legislation aimed at lowering prescription drug prices, such as an inflation-based rebate and an international pricing index, both reforms that will help to end the relentless price gouging by drug companies.

AARP has also advocated for an out-of-pocket cap for Medicare Part D that also protects the financial sustainability of the Medicare program, and we are pleased that this reform was included in H.R. 3. An out-of-pocket cap will provide meaningful relief to the millions of older Americans with high drug costs who are struggling to afford needed medications. Today, enrollees on expensive prescription drugs can be forced to pay several thousand dollars more in out-of-pocket costs even after they reach the current catastrophic threshold. Notably, drug manufacturers’ pricing behaviors are a primary driver of the increased Medicare Part D spending that has sparked an interest in revisiting the Medicare Part D benefit structure. That is why we strongly support your proposal to require meaningful liability for prescription drug manufacturers. Without this, the new cap would simply reward drug manufacturers for their egregious pricing behavior and potentially lead to even higher prices, premium and cost-sharing increases, and higher Medicare spending.

Finally, we support proposals to lower drug prices by improving generic competition. We have endorsed legislation that the House has acted on, including the CREATES Act and legislation to ban Pay-For-Delay agreements. These proposals will help lower prices through greater competition and provide consumers with access to lower cost generic medications. We are pleased that the House of Representatives passed these bills earlier this year. These proposals will help lead to more meaningful competition in the market to help drive down drug prices.

It is long past time for Congress to take action to rein in high drug prices. H.R. 3 will help ensure that more Americans have affordable access to the prescription drugs that they need to get and stay healthy. We look forward to working with you and all Members of Congress to pass legislation to lower drug prices and reduce seniors' out-of-pocket costs this year. If you have any additional questions, feel free to contact me or have your staff contact Bill Sweeney, Senior Vice President for Government Affairs, at bsweeney@arp.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy A. LeMond". The signature is fluid and cursive, with the first name "Nancy" starting with a large 'N' and the last name "LeMond" starting with a large 'L'. There is a small mark below the signature that looks like a stylized 'X' or a flourish.

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