January 25, 2022

The Honorable Xavier Becerra
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Becerra:

AARP, on behalf of our nearly 38 million members and all older Americans nationwide, supports your recent instruction to the Centers for Medicare & Medicaid Services (CMS) to reassess the 2022 Medicare Part B premium. The 2022 premium increase—largely attributed to a single expensive prescription drug—highlights how high prescription drug prices affect all Americans and underscores the need for comprehensive reform. Two significant events demand that CMS reevaluate the 2022 Part B premium.

When CMS announced the 2022 Part B premiums, it cited the high price of Aduhelm, a new drug intended to treat Alzheimer’s disease, as a key reason for the 14.5 percent increase from $148.50 in 2021 to $170.10 in 2022. Because the Food and Drug Administration had approved Aduhelm, the Medicare actuary assumed high utilization of the drug when calculating projected Part B costs for 2022. The potentially high spending on Aduhelm—which some researchers estimated could overshadow Part B spending on all other drugs combined—resulted in the actuary setting higher Part B premiums to cover the program’s costs. While this decision reflected what was assumed at the time, recent events have made it clear this premium increase is now unsupportable.

First, Biogen, the maker of Aduhelm, recently announced that it was lowering the price of the drug by nearly half—from $56,000 to $28,200 per year. Biogen’s sudden decision clearly illustrates the incredibly arbitrary nature of how drug prices are set, the enormous power that drug companies wield in terms of forcing seniors and the Medicare program to pay whatever price they demand, and the urgent need for legislative action to lower drug prices. In the immediate term, now that Biogen has cut the price of Aduhelm in half, the Medicare Part B premium increase should be lowered as well.

Second, if finalized, CMS’ draft National Coverage Determination (NCD) for Aduhelm and similar drugs will also relieve the financial pressures assumed by the actuaries when they calculated the premium. The draft coverage determination strikes a much-needed balance between safe, appropriate patient access and ensuring the availability of representative data that will help answer outstanding questions about safety and effectiveness. Given Medicare’s decision to cover this drug within the context of an approved clinical trial, the lower associated spending on the drug negates the need for a large contingency reserve to be factored into Part B premiums. The savings from this reduced spending should be returned to Medicare beneficiaries.
AARP is mindful that recalculating the Medicare Part B premium will not address the underlying problem: out-of-control prescription drug prices. Rather than give pharmaceutical companies a free pass to charge outrageous prices that lead to higher costs for everyone, policymakers must swiftly enact comprehensive prescription drug pricing reforms. We know you share our commitment to lower drug prices, and we look forward to working with you and Congress to bring meaningful, much-needed relief to seniors and all Americans.

At a time when the typical Medicare beneficiary has an income of less than $30,000 per year, the standard Medicare Part B monthly premium of $170.10 represents a substantial financial burden. In light of Aduhelm’s recent price reduction and CMS’ recent NCD, we strongly urge CMS to reassess the 2022 premium calculation and provide immediate relief to seniors who are paying higher premiums. If you have any questions, feel free to contact me, or have your staff contact Andrew Scholnick of our Government Affairs team at ascholnick@aarp.org or 202-434-3793.

Sincerely,

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

CC: Chiquita Brooks-LaSure, Administrator, Centers for Medicare & Medicaid Services