



## Military Order of the Purple Heart Chartered By Congress

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Speaker Nancy Pelosi  
325 CHOB  
Washington, DC 20515

Dear Madame Speaker:

In the coming days the House will take up legislation that, if enacted will repeal the noninterference clause of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The Medicare Prescription Drug Price Negotiation Act of 2007, H.R. 4, will require the Secretary of Health and Human Services to negotiate lower covered part D drug prices on behalf of Medicare beneficiaries. While there is no specific mention of the Department of Veterans Affairs (VA) and the favorable pricing they receive on pharmaceutical products through the Federal Supply Schedule (FSS), I would like to share with you the concerns of The Military Order of the Purple Heart (MOPH) as you consider H.R.4.

As you know, Federal law currently enables the Department of Veterans Affairs (VA) to purchase pharmaceutical products for veterans through the Federal Supply Schedule (FSS). Because of the Veterans Health Care Act of 1992, the prices the VA pays through the FSS are substantially discounted from the prices private sector purchasers pay. Extending access to the FSS pharmaceutical discounts to larger groups would cause FSS prices to rise and would dramatically increase the VA's pharmaceutical costs. The Government Accounting Office and the VA have documented the magnitude of this effect in 1995, 1997 and 2000 in response to previous proposals to extend FSS prices to other entities. The studies estimate that the VA would incur many hundreds of millions of dollars in additional expenses.

Our concerns about such proposals were expressed in The Independent Budget of 2006 sent to every Member of Congress. Sixty-two veteran and allied organizations endorse The Independent Budget. Additionally, several veteran organizations have passed formal Resolutions opposing legislation extending FSS prices to Medicare or other programs because it would threaten discounts the VA currently receives.

MOPH is on record as supporting lower prescription drug prices for all Americans, but not at the expense of those veterans enrolled in the VA health care system and the favorable pricing that the VA receives through the FSS.

Respectfully,

Thomas A. Poulter  
National Commander