



Committee On Finance

Max Baucus (D-Mont.)

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Contact: Carol Guthrie
(202) 224-4515

BAUCUS STATEMENT ON MEDICARE DRUG PRICE NEGOTIATION

*Incoming Senate Finance Chairman says total ban on negotiation should go,
will seek appropriate steps to ensure fair drug prices for seniors*

Washington, DC – U.S. Senator Max Baucus (D-Mont.), incoming Chairman of the Senate Finance Committee, issued a statement today after a Committee hearing on the topic of price negotiation in the Medicare drug benefit. Baucus held the hearing to “get the facts” on drug pricing today, on how negotiation might work in the Medicare benefit, and on the potential effects of negotiation on drug prices for seniors. The House of Representatives is expected to pass legislation tomorrow that will strike a prohibition on price negotiation in the Medicare drug benefit, and that will require the Secretary of Health and Human Services to negotiate some prices instead. Baucus commented today on his intentions for action in the Senate:

“I think the Medicare program is working well for most beneficiaries. But our goal should be to make it work for all beneficiaries.

“To reach that goal, Congress first must have more information. That message came through loud and clear in testimony before the Senate Finance Committee today. It is Congress’s responsibility, and the responsibility of the Finance Committee in particular, to ensure that beneficiaries get a fair price for the right medicines. To make sound policy, we need to better understand drug pricing in the Medicare market. There is little transparency about pricing in the drug benefit today, and that must change.

“Today’s hearing also underscored the need for more information about the effectiveness of the drugs for which Medicare pays. Witnesses presented interesting ideas for improvements in this area, and I want to explore those ideas in greater detail.

“I see nothing that warrants heavy-handed intervention in this market. We should proceed cautiously with any legislation. But we should proceed nonetheless.

“It is clear to me from today’s testimony that there are areas of the drug benefit in which market competition is not working. In some cases, the private market may be failing to provide seniors with the affordable medicines this benefit has promised.

“The ‘noninterference clause’ in the original Medicare Modernization Act is prohibiting us from pursuing constructive efforts to make the benefit work better for seniors. The total prohibition on negotiation should be eliminated. Some proposals would go further than a simple removal of the ban on negotiation and require the Secretary to do so. That is one of many options my colleagues and I will discuss together.

“I do not buy the argument that the sky will fall on the prescription drug market if we remove this clause. I trust that this Committee can move past the rhetoric on both sides, examine discrete areas in this program where seniors need our help the most, and take rational, thoughtful action.

“Price controls and national formularies are clearly not the answer. I do not buy the argument that striking the non-interference clause would leave the Secretary no option other than a formulary. The HHS Secretary has a gold mine of data, the ability to get more data, dozens of agencies, and tens of thousands of public servants at his disposal. That is quite a tool box with which to seek fair drug prices for seniors. It is time to open that tool box for Medicare.”

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