

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

May 10, 2019

Keith Hall, PhD
Director
Congressional Budget Office
United States Congress
Washington, DC 20510

Dear Dr. Hall:

As an author of the Medicare Part D program enacted in the Medicare Modernization Act of 2003, I support the statutory provision that prohibits the Secretary of the Department of Health and Human Services (HHS) from interfering with negotiations between drug manufacturers, pharmacies, and plan sponsors. The Part D program structure that uses private entities to negotiate and compete to enroll beneficiaries has worked. Program spending has been lower than estimated at the time the program was enacted. Beneficiary enrollment has been robust, and enrollee premiums have remained low and stable.¹ Enrollees are largely satisfied with their plan.² The statutory “non-interference” clause is a key reason for the program’s success.

While the Part D program has provided beneficiaries with a crucial lifeline through access to prescription medications, improvements are needed to lower high out-of-pocket costs and to realize better value for the taxpayer-supported Medicare program. Some have suggested that allowing the Secretary to negotiate for the price of drugs will achieve those aims. I believe that talk of eliminating the non-interference clause is misguided and counterproductive. I ask that you answer the questions below as to inform the policy debate on this matter.

- If the Secretary was given authority to negotiate by Congress and used that authority, would it be possible to obtain savings in Medicare?
- Could negotiating by the Secretary over drug prices obtain savings for the Medicare program if those negotiations were limited to selective instances?

Thank you for your attention to the Part D program that has benefited millions of Medicare beneficiaries. Please contact Karen Summar, MD, Health Policy Director, on my staff by phone at (202) 224-4515 or by email at Karen.Summar@finance.senate.gov, if you have questions.

Sincerely,


Charles E. Grassley
Chairman

¹ *The Medicare prescription drug program (Part D): Status report. Report to the Congress: Medicare Payment Policy.* March 2019. Medicare Payment Advisory Commission.

² *Medicare Today.* 2018. More than 8 in 10 seniors are satisfied with Part D. <http://medicaretoday.org/wp-content/uploads/2016/07/8.21.18-Senior-Satisfaction-Survey-Fact-Sheet.pdf>