

February 25, 2021

The Honorable Charles Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker Pelosi and Leader McCarthy:

The undersigned organizations representing healthcare providers, patients, clinical researchers, public health experts, LGBTQ people, people of faith, communities of color, union members and consumers are committed to advancing public health and promoting access to affordable medicines. We write to applaud the inclusion of a measure to lower prescription drug prices in proposed reconciliation language, and to urge you to build on this progress with more robust reforms.

Under current Medicaid rules, drug corporations must pay a rebate to States when they increase the price of prescription drugs higher than the rate of inflation, but only up to a limit. Once beyond the 100 percent limit – implying an unconscionable magnitude of price spike – current law allows drug corporations to increase prices with impunity.

It is therefore unsurprising that the Medicaid and CHIP Payment and Access Commission (MACPAC) found that the rebate cap can limit a drug corporation's incentive to moderate price increases, and that removing the rebate cap would result in higher Medicaid rebates and put downward pressure on price increases for those drugs with very high cumulative price increases over time.<sup>1</sup> States would receive the non-Federal share of savings, freeing up scarce health resources. U.S. taxpayers would likely save tens of billions of dollars.

As the American Rescue Plan advances through the House and the Senate, language removing the rebate cap must be retained, and we stand ready to support you in your work to ensure its inclusion. But congressional action to lower drug prices must not be limited to this measure. U.S. patients and taxpayers pay hundreds of billions of dollars to drug corporations every year. Despite this, even before the COVID-19 crisis, nearly three-in-ten Americans reported rationing medicine due to cost.<sup>2</sup> Helping curb the very worst price spikes is a good first step, but insufficient to provide the relief that we need.

Most urgently, Congress should build on this progress and finally repeal the corrupt prohibition on direct Medicare drug price negotiation. Recently, the Government Accountability Office showed that the Department of Veterans Affairs – which engages in direct drug price negotiations – achieved prices that

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<sup>1</sup> <https://www.macpac.gov/wp-content/uploads/2019/06/Next-Steps-in-Improving-Medicaid-Prescription-Drug-Policy.pdf>

<sup>2</sup> <https://www.kff.org/slideshow/public-opinion-on-prescription-drugs-and-their-prices/>

were approximately half of those realized by Medicare, on average.<sup>3</sup> This is only the latest of an array of studies showing that foregoing negotiations has colossal costs.

We are eager to support you as you work to deliver the progress that Americans demand.<sup>4</sup>

Sincerely,

Action Center on Race and the Economy  
AIDS Healthcare Foundation  
American Federation of Teachers  
American Medical Student Association  
Be A Hero  
Center for LGBTQ Economic Advancement & Research  
Center for Popular Democracy Action  
Community Catalyst  
Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces  
Consumer Action  
Doctors for America  
Families USA  
Health Care Voices  
Health Care Voter  
Indivisible  
MomsRising  
NASTAD  
National Advocacy Center of the Sisters of the Good Shepherd  
National Committee to Preserve Social Security and Medicare  
Public Citizen  
Social Security Works  
T1International  
The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)  
Treatment Action Group  
Universities Allied for Essential Medicines

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<sup>3</sup> <https://www.gao.gov/products/GAO-21-111>

<sup>4</sup> <https://cdn1.sph.harvard.edu/wp-content/uploads/sites/94/2021/01/Politico-HSPH-Jan-2021-PollReport.pdf>