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LEGISLATIVE ALERT!

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Dear Representative:

The AFL-CIO urges you to support H.R. 4, the Medicare Prescription Drug Price Negotiation Act of 2007. This common sense policy is widely supported by Americans and will result in substantial savings for 22 million Medicare beneficiaries.

The Medicare Modernization Act of 2003 expressly prohibits the Secretary of Health and Human Services (HHS) from using the purchasing power of tens of millions of Medicare beneficiaries to negotiate for lower drug prices. H.R. 4 will rectify that serious flaw, which has resulted in higher costs for taxpayers and Medicare beneficiaries, by requiring HHS to negotiate with drug manufacturers for prices charged to Medicare prescription drug plans (PDPs) and Medicare Advantage (MA) plans.

Medicare negotiating drug prices makes sense and is perfectly consistent with program reimbursement for all other health care services, including hospital and physician services. Furthermore, the Department of Veterans Affairs (VA) and state Medicaid programs use their buying power to negotiate lower prices than those available to Medicare beneficiaries enrolled in PDPs or MA plans. In fact, a Families USA report found Medicare prices for the top 20 drugs prescribed to seniors are 58 percent higher than those available through the VA. And an October 2006 report from the U.S. House of Representatives Committee on Government Reform found that Medicare negotiating drug prices just 25 percent lower would save more than \$60 billion over the next decade.

Such savings could be used to improve the benefit and strengthen the program's fiscal health, while lowering costs for beneficiaries and helping to keep more from falling into the benefit's "doughnut hole." And if, as some have argued, the private insurers can do a better job of negotiating, H.R. 4 would not interfere with PDPs and MA plans negotiating lower prices than the price negotiated by HHS.

A Newsweek poll in November 2006 found 92 percent of those surveyed support Medicare negotiating for lower drug prices and three-quarters said addressing this issue should be a top priority for Congress. The AFL-CIO urges you to vote for H.R. 4 when it is taken up this week.

Sincerely,

William Samuel, Director
DEPARTMENT OF LEGISLATION