

January 5, 2007

The Honorable John Dingell  
United States House of Representatives  
Washington, DC 20510

Dear Representative Dingell,

On behalf of Families USA, the national voice of health care consumers, I am writing to applaud the introduction of the Medicare Prescription Drug Price Negotiation Act of 2007, and to formally endorse the legislation. This is an important first step towards creating an improved part D benefit that serves the best interests of beneficiaries and taxpayers, and we look forward to working with you to pass this bill.

A year into the Medicare Part D program, price data show that Part D plans are failing to deliver on the promise that competition would bring prices down. The use of “market power,” lauded by Medicare officials and the Administration, has not resulted in drug prices that are comparable to the low prices negotiated by the VA. At the same time, concerns that effective price negotiation by Medicare would somehow jeopardize the drug industry’s R&D efforts are unfounded. Ample sources of alternative savings are available to the drug industry to weather any decline in revenues.

The law that established the Medicare prescription drug benefit, in prohibiting Medicare from using its negotiating clout on behalf of 43 million seniors and others in Medicare to obtain low drug prices, is costing seniors and taxpayers much more than it should. It is time to make the Medicare Part D program more cost-effective by eliminating the prohibition that prevents Medicare from bargaining for better prices. This legislation eliminates the prohibition, and takes the first step towards strengthening the Part D benefit in a way that makes logical—and fiscal—sense.

Strong oversight and detailed regulations will be essential to ensuring that negotiation achieves its full potential. To that end, we support the requirement that the Secretary provide semi-annual reports on the status of negotiations conducted. Transparency is vital to the success of negotiation, and to the Part D benefit as a whole. To date, there has been far too little information available regarding the Part D benefit and we look forward to Congress requiring these reports, and holding strong oversight hearings to shed light on the proceedings.

Thank you for your leadership on this issue and we look forward to working with you on this legislation.

Sincerely,



Ronald F. Pollack  
Executive Director