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MEMORANDUM

To: Reporters and Editors
Re: House bill requiring government to negotiate Medicare drug prices
Da: Friday, Jan. 12, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on House passage of H.R. 4, the *Medicare Prescription Drug Price Negotiation Act of 2007*. The House bill would require the government to negotiate Medicare prescription drug prices, contrary to the current system that relies on direct negotiations between health plans and prescription drug providers. The Congressional Budget Office and actuaries from the Centers for Medicare and Medicaid Services concluded this week that H.R. 4 would not save the taxpayers money. As chairman of the Senate Committee on Finance, Grassley was the principal Senate author of the law establishing Medicare's first-ever prescription drug benefit, the *Medicare Prescription Drug, Modernization and Improvement Act of 2003*.

“This is a bill of goods. It won't work. Having the government set Medicare drug prices would block access to drugs that a senior might need, make it harder to get your medicine at the local pharmacy, and result in higher drug prices for younger people and workers who don't have Medicare coverage. Because of these consequences, Republicans and Democrats across the board opposed government negotiation until partisan Democrats launched a campaign to smear the new prescription drug benefit. Unfortunately the sound bite isn't sound policy. It's bad for Medicare beneficiaries and other consumers alike. Nobody wins. I hope the Senate will defeat this bill and if not, I look forward to a presidential veto.”