



**Floor Statement of U.S. Senator Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
Cloture Vote on S.3,
which would authorize the government to take over Medicare Part D price negotiations
Wednesday, April 18, 2007**

Mr. President, I have always been fond of jigsaw puzzles. Spinning the pieces around--figuring out how they all fit together ... until you finally you see the whole picture.

This debate is a lot like working a jigsaw puzzle. Let's take a look at a few of the pieces. You have H.R.4, the bill that passed the House. The House bill requires the Secretary to negotiate prices with drug manufacturers. The House bill also strikes the ban on government price setting. To date, they have not explained why they wanted to authorize price controls. The Congressional Budget Office said the House bill would not achieve any savings unless the Secretary was given the authority to establish a formulary or use some other tools to negotiate lower prices.

Now let's take a look at the other piece of the puzzle, S.3. The Senate bill authorizes the government to take over Medicare's negotiations. It strikes the prohibition on government interfering in negotiations the prescription drug plans are doing today with drug companies. The Senate sponsors keep saying their bill "begins the process" for negotiation. They say it is a step toward what they want. As was the case with H.R. 4, the Congressional Budget Office said S. 3 will not achieve any savings unless the Secretary establishes a national formulary or uses other tools to reduce drug prices.

So we have two bills ... two pieces to our puzzle. But on Thursday night in our Finance Committee markup, we found a missing piece that helps us bridge the bills together and finally saw the full picture. On Thursday night, I offered an amendment that would prevent the Secretary from using preferred drug lists to limit access to approved prescription drugs.

We have heard over and over again from our colleagues that neither H.R. 4 nor S. 3 allows for a national formulary. But as all observers of the Medicaid program know, states are not allowed to use formularies, but the courts have said states can use preferred drug lists.

Mr. President, a preferred drug list is just a formulary in sheep's clothing. It is a

government-controlled list of drugs a beneficiary can and cannot have. A national preferred drug list would have the same effect as a national formulary. So I thought that, for all the talk of not allowing government formularies, the proponents of S.3 would embrace a provision to ban preferred drug lists. If they really don't want to limit beneficiaries' access to drugs, it should have been an easy thing for them to support.

So I offered an amendment to do just that, to prohibit the Secretary from imposing a national preferred drug list. Much to my surprise, every Democrat in the Committee voted against my amendment. When the proponents of government negotiation defeated my amendment, they were voting in favor of having the government limit access to drugs. They voted for government limits on access to new drugs. They voted to have the government tell beneficiaries which drugs they can have and which they cannot.

Mr. President that is the final piece of the puzzle that allows everything to fall into place. What would H.R.4 and S.3 look like coming back from conference? Well, let's put two and two together. H.R.4 requires the Secretary to negotiate drug prices and eliminates the ban on price setting. And it's clear now that supporters of the Senate bill want the government to set preferred drug lists. They want the government to determine what drugs seniors will be allowed to get coverage for.

The puzzle is now complete: if we let S.3 go to conference with H.R.4, we will have returned to us a bill that requires the Secretary to negotiate with drug manufacturers using price controls and national preferred drug lists. It couldn't be more clear.

Mr. President, we must not let that happen. We must put a stop to that and do that right here. Price controls and national preferred drug lists are the tools they want they government to have. They want to have federal government take over the Medicare prescription drug market. But that is the absolute wrong thing to do.

The Medicare drug benefit is working. It is a testimony to the idea that the private market works. That government-run health care is not the answer. They say Medicare doesn't negotiate. That's not true. Medicare is negotiating today. Medicare is negotiating through the market clout of its prescription drug plans. And the market-based model for Part D is working, costs are far lower than expected. CBO projections for Part D dropped by \$387 billion, 38 percent lower. (2006 baseline compared to 2007 baseline) Premiums for beneficiaries are 40 percent lower than originally projected. And, seniors overwhelmingly approve of the benefit.

So why do they hate the Medicare drug benefit so much? That hate it because nothing could be more damaging to the idea of government run health care than Part D. It's a market that's working. And that is not their plan for how health care should work. So what do seniors and all Americans have to look forward if this Trojan Horse attack succeeds in a government takeover of Medicare prescription drugs? Seniors can look forward to fewer choices. Gone will be the days where seniors can select from various plans to find the one that suits them best. If this bill passes, seniors will get only the drugs the government selects for them.

All other Americans will see higher prices for their prescription drugs. Experts testified

that everyone else would pay more for their drugs. CBO has said it. We have reams of evidence showing that price controls in Medicare will lead to higher drug costs for all other purchasers. That means higher prices for veterans. That means higher prices for the disabled, pregnant women and children in Medicaid. That means higher prices for small business owners and families who are struggling to make ends meet. If we don't stop this bill right now, that's what we have to look forward to.

Mr. President, we can and should stop this bill in its tracks. Vote against government-controlled drug lists. Vote against government setting prices. Vote against government restrictions on seniors' access to drugs. Mr. President, everyone should move beyond the simple-minded rhetoric of sound bites and see the full picture. The full picture demands you vote "no." I yield back the floor.