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FACE-OFF

The Medicare Prescription Drug Benefit Should the Government Negotiate Drug Prices?

Rep. Tom Price (R-GA)

Member, Education and Labor Cmte.



Congress should make major changes in public policy only when there is a real need. Such is not the case with legislation to revise the Medicare prescription drug law. The bill recently passed by the House is a solution in search of a problem and is a major step backward for patients, doctors, and business.

As a physician for more than 20 years, I'm wary of any "solution" that gives Washington more authority in health care.

Allowing the government to establish drug prices with 1970s-style price caps would reduce the availability of medications and would be a disincentive to new and innovative pharmaceuticals. Formularies—the list of drugs covered by Medicare—would be limited.

To the government, negotiating means take it or leave it. Its one-size-fits-all solutions always mean no flexibility. The unintended consequences of this legislation should concern all patients and doctors, not just seniors. Limiting choice means limited health care—and that is not acceptable.

What problem are we trying to fix? Under Medicare Part D, competition has reduced monthly predicted premiums from \$37 to less than \$24 per month. Seniors are saving an average of \$1,200 per year, and 80% of the participants are pleased.

Medicare Part D has thread the needle of positive government involvement in a market system—a rare instance. More involvement from Washington will not result in better health care.

The real question is: Who do you want making your personal health care decisions—you and your doctor or a Washington bureaucrat? Shifting more power to the federal government is a move in the wrong direction!

 <http://tom.house.gov>

Sen. Olympia Snowe (R-ME)

Member, Finance Cmte., Health Care Subcmte.



In designing a prescription drug benefit for Medicare, Congress employed a dual strategy: help seniors with drug costs and leverage their buying power to achieve lower prices. Today, Medicare drug plans are offering seniors average price savings of just 12% below what they would pay without coverage. In fact, seniors can actually do better when using either membership stores or online pharmacies. With Medicare plans achieving such modest discounting, it comes as no surprise to see the costs of this benefit increasing at two to three times the rate of inflation.

When single beneficiaries can find better prices than their Medicare plan offers, the buying power of seniors has not brought the savings it should.

The prohibition barring the Health and Human Services (HHS) secretary from a role in drug price negotiation shortchanges both beneficiaries and taxpayers who subsidize this benefit.

I have offered the MEND Act (S. 250) to provide an appropriate negotiation role for the HHS secretary—and enable him to respond to plans requesting assistance, exercise oversight, and ensure that good faith negotiation takes place—especially for expensive "sole source" drugs and those created with substantial taxpayer financing. The Medicare Actuary and the Congressional Budget Office have stated what Americans already know—that negotiation can reduce costs. This can be accomplished without the secretary setting prices or restricting seniors' choices—and my legislation prohibits both.

Looking ahead, we face challenges in the financing of Medicare. The MEND Act is a responsible step for ensuring the fiscal sustainability of this critical benefit.

 <http://snowe.senate.gov/public>

