



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 11, 2007
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4 – Medicare Prescription Drug Price Negotiation Act of 2007

(Rep. Dingell (D) MI and 196 cosponsors)

The Part D Medicare Prescription Drug Benefit has been a strong success. More than 38 million Medicare beneficiaries now have drug coverage, either through Medicare or another source. This represents about 90 percent of all Medicare beneficiaries. The Medicare Part D program is delivering better benefits than expected at a much lower cost than originally estimated, in large part because competition between plans has meant that seniors can choose the most affordable coverage that best meets their needs.

The Administration strongly opposes H.R. 4, which would not only repeal the prohibition against the Federal government interfering in negotiations between Part D plans, pharmacies, and drug companies for lower Part D drug prices, but would require that the Federal government negotiate directly with drug companies. Both the Congressional Budget Office and the Department of Health and Human Services actuaries estimate that H.R. 4 would have negligible or no effect on Federal spending and provide no substantial savings to the government or Medicare beneficiaries.

Government interference impedes competition, limits access to life-saving drugs, reduces convenience for beneficiaries, and ultimately increases costs to taxpayers, beneficiaries, and all American citizens alike. Furthermore, competition is reducing prices to seniors, providing a wide range of choices, and leading to a more productive environment for the development of new drugs.

If H.R. 4 were presented to the President, he would veto the bill.

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