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***NRLN is a coalition of 24 associations
advocating the rights of 2.1 million
American retirees from...***

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July 16, 2009

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510-2602

Dear Senator Baucus:

It was the understanding of the National Retiree Legislative Network (NRLN), which represents more than 2 million retirees in all 50 states who retired from 87 U.S. employers, that the Democratic Party had made it a priority in its legislative agenda to reduce prescription drug costs. However, I was shocked when I read a July 7th article in The Wall Street Journal. In that article, W. J. "Billy" Tauzin, the chief lobbyist for America's pharmaceutical industry, stated he has heard "reassuring words" from White House officials that if the health care bill passes "the cost savings will be so great that reimportation of U.S. manufactured prescription drugs from other countries will be unnecessary." (By Alicia Mundy, "White House Assures Drug Makers on Reimportation," WSJ, July 7, 2009.)

I have written to President Obama to remind him that in 2006 when he was a Senator, he co-sponsored a bill for the reimportation of prescription drugs. He also pledged during his Presidential campaign that he would support reimportation.

I hope that as the Chairman of a powerful committee engaged in the drafting of health care legislation, you will not feel obligated to exclude the reimportation of prescription drugs in your committee's bill because of the agreement that was struck by the White House with the Pharmaceutical Research and Manufacturers of America (PhRMA) designed to find \$80 billion in savings over the next 10 years. In fact, the NRLN urges you include reimportation as one of the consumer cost-savings so essential to real health care reform.

The pharmaceutical industry has made the \$80 billion in promised health care savings sound like it is a sufficiently good deal for Americans that no other legislative initiatives are necessary. However, even if that \$80 billion in voluntary savings could be enforced, it represents less than 3 percent of the projected dollars that Americans will spend on drugs during the next 10 years. Permitting the reimportation of prescription drugs from designated countries would save far more for both the federal budget and American consumers, especially retirees. If saving costs to pay for a public plan is important, now is the time to address prescription drug competitive bidding and advancement of generic drugs, including stopping market restraint practices. Giving the drug companies a pass on competition gives the appearance that industry giant PhRMA has bought itself out of health care reform legislation through its commitment to provide \$80 billion in health care savings over the next 10 years.

I was pleased to see that you voted for Senator Vitter's amendment on reimportation of prescription drugs that passed as part of the bill funding the Homeland Security Department by a 55-36 vote. This vote was a hopeful sign that a bi-partisan consensus can be reached for even more comprehensive legislation to unlock the chains that the U.S drug makers have had around Americans who must purchase medicine at a much higher cost than residents of many other countries.

Senator Vitter's reimportation plan is a step in the right direction and I hope you will ask Senators on the Conference Committee on the Homeland Security bill to support keeping Senator Vitter's plan in the bill. Nevertheless, the NRLN believes that an even better solution would be to include in health care reform legislation a bill like the "Pharmaceutical Market Access and Drug Safety Act" introduced by Senators Byron Dorgan and Olympia Snowe in March 2009. This would allow U.S.-licensed pharmacies and drug wholesalers to import FDA-approved medications from Canada, Europe, Australia, New Zealand and Japan and pass along the savings to their American customers.

To further support this effort, the NRLN urges you to ask the Congressional Budget Office to conduct a study to determine the cost savings to be gained from passing legislation for the importation of prescription drugs from FDA-approved countries, competitive bidding by makers of prescription drugs for Medicare Part D, funding the FDA to reduce generic drug backlogs, and stopping drug companies from making contracts that require payoffs to generic manufacturers who withhold new generic drugs from the market. I'm confident this would produce a savings for Americans well in excess of the 3 percent that Big PhRMA is offering. Also, I hope you will use your influence to encourage Attorney General Eric Holder to stop the open restraint of trade practiced where brand drug makers pay generic drug makers to withhold products from the market until patents expire.

If there is anything that the NRLN can do to help make the case for including prescription drug reforms in health care legislation, please contact Marta Bascom, the NRLN's Executive Director in Washington, DC. She can be reached on 703-863-9611. We look forward to your leadership on this issue of such great importance to retirees in Montana, many of whom are members of the Association of U.S. West Retirees, one of the fine organizations allied with the NRLN.

Sincerely,

A handwritten signature in black ink that reads "Bill Kadereit". The signature is written in a cursive, slightly slanted style.

President, National Retiree Legislative Network