

July 24, 2011

To: NRLN Grassroots Network Members

From: NRLN President Bill Kadereit

Subject: NRLN Action Alert: Cut Medicare Drug Costs to Reduce the Federal Deficit

Medicare does not use competitive bidding to buy drugs. We need every retiree to tell their Representative, Senators and President Obama to change this in order to cut federal spending and our personal drug costs.

In 2010, the Medicare Part D prescription drug plans accounted for \$55.9 billion (or 11%) of Medicare's total \$509 billion in expenditures, according to analysis by the Kaiser Family Foundation. In 2007, a year after Part D was added, Medicare spent \$44 billion on prescription drugs.

If Medicare used competitive bidding for prescription drugs, the federal government would save billions of dollars annually. Retirees on Medicare would also save because deductibles and co-pays on cheaper drugs would lower our costs. As of 2010, 90% of Medicare beneficiaries have prescription drug coverage, the majority of whom are enrolled in a Part D plan. Medicare is the only health program that doesn't use competitive bidding to buy drugs. It's just common sense to use it.

Please send the NRLN's sample letter (shown below) to your Representative, Senators and President Obama to urge them to support Senate Bill S. 44, the Medicare Prescription Drug Price Negotiation Act of 2011. This bill, supported by the National Retiree Legislative Network (NRLN), would direct the Secretary of Health and Human Services (HHS) to negotiate prices for all parts of Medicare Part D with pharmaceutical manufacturers.

Send your letter today, and ask your friends to send one too!

Click here (<http://capwiz.com/abtr/home/>) to access the NRLN Action Alert. Look for the Action Alert headline: CUT MEDICARE DRUG COSTS TO REDUCE THE FEDERAL DEFICIT. Click on the "Take Action" button. On the next screen, type in your zip code and click "GO" to identify your Representative and Senators, plus President Obama and access the sample letter. Personalize the letter with your own comments.

If you have a problem accessing the Action Alert with the above link, go to <http://www.nrln.org> and click on the "Take Action Now" headline at the top of the NRLN website's home page.

It would also help to visit your Representative's and Senators' local offices or call their Washington, DC or state/district office. Use the information in the sample letter to ask him or her to support competitive bidding for Medicare prescription drugs. **Click here** (<http://capwiz.com/abtr/dbq/officials/>) to access the NRLN website to find your Representative's and Senators' office locations and phone numbers.

We need the support of all of our Grassroots Network members and we need you to encourage your friends to sign up as Grassroots Network members at <http://capwiz.com/abtr/mlm/signup/> . Not only do we need you and your friends to email letters to Washington and talk with your members of Congress, we also need your financial support through an individual member contribution of \$25, \$50, \$75 or more. Any amount you can contribute will be appreciated. You may make your check or money order payable to **NRLN, Inc.** and mail it along with the Membership Contribution Form at: <http://www.nrln.org/printad.htm>. Or, you may make your contribution online with your credit card on the NRLN website at <http://www.nrln.org> by clicking on the "Memberships" icon at the top of the home page and selecting the "Support the NRLN" link.

Bill Kadereit, President
National Retiree Legislative Network

Sample Letter:

Dear President Obama: Dear Representative _____: Dear Senator _____:

I am among the Americans who recognize the need to reduce the federal deficit. Introducing competitive bidding for prescription drugs purchased under Medicare would significantly reduce the federal deficit while also easing some of the burden facing America's retirees.

In 2010, the Medicare Part D prescription drug plans accounted for \$55.9 billion (or 11%) of Medicare's total \$509 billion in expenditures, according to analysis by the Kaiser Family Foundation. In 2007, a year after Part D was added, Medicare spent \$44 billion on prescription drugs.

Based on the 2010 Kaiser data, competitive bidding savings of just 10% would reduce the Medicare budget by \$5.5 billion a year. All it would take is your leadership to help pass Senate Bill S. 44, the Medicare Prescription Drug Price Negotiation Act of 2011. If enacted, it would direct the Secretary of Health and Human Services (HHS) to negotiate the prices that may be charged to Medicare Part D prescription drug plans with pharmaceutical manufacturers.

Retirees on Medicare would also save money as a result of Medicare competitively bidding on prescription drugs because deductibles and co-pays on cheaper drugs would lower their costs.

The Veterans Administration, Medicaid, Health Maintenance Organizations, and hospitals use competitive bidding for prescription drugs. Competitive bidding for large volume purchases is a normal practice in virtually every part of the private sector, among not-for-profit organizations, and many government agencies. Medicare should not be any different.

I ask that as you do everything in your power to work toward the passage of S. 44 in the Senate, and have a counterpart passed in the House as part of the deficit reduction package. The only winners of not having Medicare competitive bidding for prescription drugs are the pharmaceutical companies. Without competitive bidding, America's retirees come out losers at a time when their fixed incomes are dangerously stretched over the limit. I hope to hear from you that you will be an advocate for such legislation that will be a savings to seniors and the federal government.

Sincerely,