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The NRLN advocates the rights of more than 2 million

American retirees from...

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July 26, 2016

The Honorable Paul Ryan, Speaker
Office of the Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, DC 20515

Dear Mr. Speaker:

On behalf of the more than 2 million retirees whose interests are represented by the National Retiree Legislative Network (NRLN), I am writing to you to express our extreme disappointment with the position you have taken as the leader of the U.S. House of Representatives on three Medicare issues. (1) We are disappointed that you have not supported legislation to allow Medicare to negotiate lower prescription drug prices. (2) You have not convinced the Republicans on the House Energy and Commerce committee to pass H.R. 2228, the Safe and Affordable Drugs from Canada Act of 2015. (3) You have supported the House Republicans' health care reform plan proposal to gradually transform Medicare to a system of premium support or subsidies that in reality support insurance company costs and profits.

You and most of your colleagues are ignoring the desire of the vast majority of Americans who believe that Medicare should be allowed to negotiate lower prices for prescription drugs. A poll conducted in July 2015 showed that allowing Medicare to negotiate lower drug prices is supported by 87 percent of Americans. The poll of 1,800 Americans was conducted by the respected Kaiser Family Foundation, a nonprofit, nonpartisan organization focused on health care.

Your successor as Chairman of the House Ways and Means Committee, Kevin Brady, is a particular disappointment to NRLN members due to his unyielding opposition to allowing Medicare to negotiate for lower prescription drug prices. Retirees wonder whether Chairman Brady and other Representatives in leadership positions have had their judgement clouded on prescription drug price gouging due to the huge contributions received in 2016 campaign and PAC

leadership contributions from the Pharmaceuticals/Health Products industry. We are aware of the 2004-2007 period letters from the CBO to a select few in Congress. Chairman Brady has referred to the letters as though they are new news, but the messages are without data, are pre the generic product competition beginning and in fact the entire dialogue is very inconclusive!

You and Chairman Brady are also out of sync with Donald Trump, your party's nominee for President. The Associated Press quoted Trump in January telling a crowd in Farmington, N.H., that Medicare, a huge buyer of prescription drugs, could "save \$300 billion" a year if it negotiated discounts. "We don't do it," Trump said. "Why? Because of the drug companies." We are confident that the savings is more than 10% of U.S. sales.

According to latest available figures, **prescription drugs accounted for \$97 billion in Medicare spending in 2014**, an increase of 16.9 percent primarily because of the use of expensive new specialty drugs. In its June 2016 report to Congress, the Medicare Payment Advisory Commission (MedPAC), a Congressional agency charged with making regular recommendations on Medicare, warned that rising drug costs and other factors have helped drive Medicare Part D spending **up nearly 60 percent from 2007 to 2014**.

Americans—with 10,000 more people turning age 65 every day in the U.S—are outraged that they are losing access to lifesaving and life-enhancing treatments because they have become more and more unaffordable. **More than 75% of Americans now say their top health concern is the rising price of prescription drugs, according to the Kaiser Family Foundation.**

The callous and unnecessary price gouging prevalent in the pharmaceutical industry is placing Americans – especially retirees – in grave danger due to unaffordability of prescription drugs. As the country's main payer for prescription drugs, by not negotiating for a lower price Medicare is de facto setting the high price of prescription drugs. You, Chairman Brady, and your colleagues need to stop putting a false spin on the competitive bidding. Competitive bidding is not price setting if two or more prescription drug products can treat the same health care problem. Medicare is essentially forfeiting its buying power and ability to save billions for its beneficiaries and taxpayers. On this score, candidate Trump and every American businessman (except for drugmakers) would have to agree.

You should use your House leadership position to gain passage of **H.R. 3061, the Medicare Prescription Drug Price Negotiation Act** that the Republican Chairmen have bottled up in the House Committees on Energy and Commerce and Ways and Means since July 2015.

In an article published in July 2015 in the journal Mayo Clinic Proceedings, more than 100 prominent oncologists called for support of a grassroots movement to stem the rapid increases in the prices of cancer drugs, including by letting Medicare negotiate prices with pharmaceutical companies and letting patients import less expensive medicines from Canada.

The Wall Street Journal in a December 1, 2015 article reported that drug prices in the U.S. are shrouded in mystery, obscured by confidential rebates, multiple middlemen and the strict

guarding of trade secrets. But for certain drugs—those paid for by Medicare Part B—prices are public. By stacking these against pricing in three foreign health systems, as discovered in nonpublic and public data, The Wall Street Journal was able to pinpoint international drug-cost differences in France, England and Canada’s Ontario province. Here are a dozen examples from the study to show how much less the drug price is in Canada compared to the USA. (The package size/dose are the same.)

Drug	Use	USA	Canada	Difference
Jevtana	Prostate Cancer	\$8,659	\$4,618	\$4,041
Tysabri	Multiple Sclerosis	\$4,842	\$2,573	\$2,269
Rituxan/Mab Thera	Rheumatoid Arthritis	\$3,678	\$1,820	\$1,858
Cimzia	Crohn’s Disease	\$2,357	\$1,058	\$1,299
Eylea	Macular Degeneration	\$1,930	\$1,129	\$ 801
Lucentis	Macular Degeneration	\$1,936	\$1,254	\$ 682
Halaven	Breast Cancer	\$1,003	\$ 389	\$ 614
Abraxane	Cancer	\$ 968	\$ 426	\$ 542
Orencia	Rheumatoid Arthritis	\$ 881	\$ 390	\$ 491
Herceptin	Breast Cancer	\$ 858	\$ 493	\$ 365
Xolair	Asthma	\$ 852	\$ 487	\$ 365
Erbitux	Colorectal Cancer	\$ 527	\$ 278	\$ 249

The need for importation arises in large part because U.S. drug companies sell into Canadian, European and other foreign markets where arbitrarily low pricing is set (price setting) by socialized health care systems. American drugmakers should either eat all their losses or not sell at a loss in these markets and then cross-subsidize by overpricing in America. If they can’t compete then they should exit these markets or seek trade assistance. Overcharged Americans are paying for prescription drugs in socialized medicine countries. This brand of leadership is supporting socialized medicine in foreign countries and is feigning conservative business beliefs while effectively shipping purchasing power and federal tax revenue to socialized countries.

I and other NRLN members have met with you in the past and you told us that you favor re-importation of prescription drugs and have voted for it. Your home state of Wisconsin has not prohibited importation from Canada. The federal government should not prohibit the states whose residents could save money and spend it on things to spur our economy. We have surveyed our members and met with the FDA and know first-hand that a valid 90-day U.S prescription can be filled in Canada and that it is allowed to be imported personally or ordered online and shipped via mail (inspected). When will you lead the House to officially legalize these sales? As the top leader in the House, I urge you to do more to advance legislation to obtain safe and more affordable prescription drugs from our northern neighbor. Help the FDA do its job to protect against false labeling and low quality products. These things can easily be done. Stop protecting the pharma! **Pass H.R. 2228, the Safe and Affordable Drugs from Canada Act.**

Speaker Ryan, you have been a proponent for a number of years of efforts to abolish traditional Medicare for future retirees. The short coming of the “premium support” plan that you have championed is that the individual would have to cover any difference between the subsidy and actual cost. The “voucher” plan would be the biggest corporate welfare program ever for health insurance and pharmaceutical companies. **Is it rational for some members of Congress to speak about conservative values and small government while at the same time supporting plans that subsidize corporate net income in a free competitive market?** The way to get the budget reduced is to pull back subsidies in order to create a level playing field, not increase them.

A key question is how the premium support voucher's value would be adjusted over time. Republicans claim their plan would give seniors the choice of remaining in regular Medicare. What Republicans don't say is that their plan would make Medicare so expensive that millions of seniors would likely be forced to switch into the private Medicare plans. Americans' tax dollars will morph from support for Medicare to insurance and drug company giveaways.

Republicans contend that the voucher plan will save Medicare for future retirees because the program faces long-term financial instability. **The NRLN believes Congress should instead be looking for ways to eliminate the subsidies to insurance companies and attack the real problems of high cost, overhead and health care industry inefficiencies. If necessary, increase the payroll tax rate until baby boomers move through, then lower it (sunset rule) back to where it was.**

The NRLN supports reducing the budget deficit but we believe it is imperative that Medicare be preserved for future generations. We reject the assumption that “privatization” with government subsidies for insurance carriers will lower Medicare's cost of health care.

Mr. Speaker you are in the position to make a positive difference in the lives of retirees by providing leadership to pass legislation allowing Medicare to negotiate for lower drug prices, make it possible to import safe and more affordable drugs from Canada and protect traditional Medicare for decades to come. Please support America's seniors.

Sincerely,

Bill Kadereit

Bill Kadereit, President

National Retiree Legislative Network

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