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The NRLN advocates the rights of more than 2 million American retirees from...

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January 31, 2018

The Honorable Alex Azar, Secretary
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Azar:

On behalf of the more than 2 million retirees and future retirees in all 50 states represented by the National Retirees Legislative Network (NRLN), we wish you success in serving Americans as Secretary of the Department Health and Human Services. We recognize the tremendous responsibility you now have for the health and well-being of Americans.

Since the formation of the NRLN in Washington, DC in 2002, the NRLN has been an advocate for the preservation of pensions, Social Security, Medicare and reducing the cost of health care, particularly the ever-increasing cost of prescription drugs. It is the need to reduce the cost of prescription drugs and the protection of Medicare that I want to address with you in this letter.

We have reported to our members that President Trump promised before your swearing-in ceremony, that you are “going to get those drug prices way down” because you know the process better than anyone. President Trump brought up the fact that other countries pay a fraction of what American consumers spend for the same pill in the same box from the same plant. We were highly pleased that President Trump brought up prescription drug prices three different times during his remarks about your role as HHS Secretary.

First, I want to focus on what is within your authority to accomplish. The 108th Congress passed and the President signed Public Law 108-173 in December 2003. This law gave the Secretary of Health and Human Services the authority to set regulations for the importation prescription drugs from Canada.

We hope you understand the hardships being caused to millions of Americans by unaffordable prescription drugs. I implore you to exercise your statutory power to reduce the price of prescription drugs by sanctioning the importation of safe lower cost drugs from Canada.

Under TITLE XI – Subtitle C – Importation of Prescription Drugs, Sec. 1121, there are the following provisions:

“(3) DRUGS IMPORTED FROM CANADA

—In particular, the Secretary shall by regulation grant individuals a waiver to permit individuals to import into the United States a prescription drug that—

“(A) is imported from a licensed pharmacy for personal use by an individual, not for resale, in quantities that do not exceed a 90-day supply;

There is a further statute that states:

“(b) REGULATIONS

—The Secretary, after consultation with the United States Trade Representative and the Commissioner of Customs, shall promulgate regulations permitting pharmacists and wholesalers to import prescription drugs from Canada into the United States.

The law even includes:

“(m) AUTHORIZATION OF APPROPRIATIONS

—There are authorized to be appropriated such sums as are necessary to carry out this section.’

You possess the necessary authority to implement the importation of prescription drugs from Canada - in fact, HHS action is long past due.

Broad Support for Drugs from Canada

A May 1, 2017, press release from the Kaiser Family Foundation reported majorities of Democrats, Republicans and Independents support actions to lower prescription drug costs, including allowing Americans to buy drugs from Canada. Most say (72%) importing Canadian drugs would lower costs without affecting quality. The KFF survey was conducted April 17-23, 2017, among a nationally representative random digital dial telephone sample of 1,171 adults ages 18 and older, living in the United States, including Alaska and Hawaii.

Examples of Canada’s Lower Prices

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. 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
Erbix	Colorectal Cancer	\$ 527	\$ 278	\$ 249

American Are Subsidizing Foreign Countries

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 drug makers should either eat all their losses or not sell at a loss in these markets. They should not, however, cross-subsidize by overpricing in America. If they can't compete, then they should exit these markets or seek trade assistance. Overcharged Americans are subsidizing prescription drugs in socialized medicine countries. This is supporting socialized medicine in foreign countries and is feigning free market beliefs while effectively shipping purchasing power and federal tax revenue to socialized countries.

HHS Secretary Can Make a Difference

Prescription drug pricing is irrational and as Secretary of HHS you have the power to make a difference by permitting individuals, pharmacists and wholesalers to import prescription drugs from Canada into the United States. The price gouging of Americans for prescription drugs must be curtailed before drug costs become the most critical burden on our U.S. economy and its ability to grow. There is a difference between drug price and cost at all levels and costs are not driving pricing, greed is.

We do not believe that certain high priced patented drugs that solve life threatening and chronic diseases lend themselves to a competitive bidding scheme, but that special action is necessary to rid the market of predatory attitudes and price gouging through other methods. On the other hand, when two or more brand or generic prescription drugs will cure or arrest the same diseases, Medicare must be able to place the purchasing of these drugs through a competitive bidding process. This does not mean a winner take all process, two or more suppliers can be awarded business based on price, quality, service or other factors as happens in industry using this time-proven model. Medicare should also be able to create and publish its own formulary.

The NRLN encourages you to become an advocate for President Trump's desire for legislation to allow Medicare to negotiate prescription drug prices. Passage of S. 41 and H.R. 242 Medicare Prescription Drug Price Negotiation Act, would be greatly beneficial to current and future Medicare beneficiaries.

Points to Consider

Drug Prices: It is redundant and wasteful to argue that drug prices are not out of control or that it is just life-saving high-priced drugs that are rising much faster than the cost of living. Truly, drug companies are taunting and bullying Congress, HHS and all Americans. It is time for action - not more price studies or slow-rolling party politics.

Entitled by Law: Americans are entitled, by the law cited above, to your taking immediate action to allow them to not be restrained from purchasing prescription drugs under the terms of this law. They have a right to purchase FDA approved drugs from Canada made under the control of FDA quality standards and inspections.

The FDA: There is evidence that the FDA has been able to manage the border and international mail centers for drug quality, labeling and compliance with prescription authorizations and purchase quantities imported from Canada.

HHS/CMS: CMS is responsible for maintaining records of qualified Canadian pharmacies and distributors and can easily certify others with FDA help and register online providers and their Canadian registered sources. While there will always be those who try to work around or violate the law, this should not prevent you from using your authority to help the millions of purchasers of prescription drugs and the American economy.

HHS and Your Office: There is no valid reason to prevent HHS from implementing importation from Canada. If HHS sees any, we would like to hear very cogent plans to break down all barriers to achieve the goal, not reasons why it can't be done today. You have our assurance that we will help in any way necessary.

HHH Secretary Must Be Medicare's Guardian

There are members of Congress who have endorsed the "premium support" plan which would lead to the privatization of Medicare. The NRLN believes, as the CBO reported when the "voucher" plan was introduced in the House in 2011, turning Medicare over to private insurance plans would result in seniors paying twice as much for their care, would raise administrative costs and would not keep medical inflation as low as traditional Medicare has done.

I urge you to be a guardian of President Trump's pledge to protect Medicare by opposing any efforts in the House and/or Senate to change Medicare to a "voucher" plan that would destroy Medicare as it has served seniors for more than 50 years.

I and many members of the NRLN know how to manage business processes to reduce costs and deliver high quality for FDA approved prescription drugs. We hope you will listen to our suggestions, and if we can be of further service please contact me.

Sincerely,



Bill Kadereit, President

National Retiree Legislative Network

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