GILEAD

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June 6, 2018

The Honorable Richard E Neal
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Frank Pallone, Jr.
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Greg Walden
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Neal and Pallone and Ranking Members Brady and Walden:

Gilead Sciences, Inc. (Gilead) appreciates the opportunity to comment on the House Ways and Means and Energy and Commerce Committees' draft legislation and potential improvements to the Medicare Part D program. Gilead is a research-based biopharmaceutical company that discovers, develops, and commercializes innovative medicines in areas of unmet medical need. Gilead's primary areas of focus include human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS), liver disease, oncology, serious cardiovascular/metabolic and respiratory conditions, and inflammatory diseases.

Gilead appreciates the Committees' commitment to ensuring that the Part D benefit works for patients. Gilead supports the comments submitted by the Pharmaceutical Research and Manufacturers of America (PhRMA) in response to the comment draft and is pleased to offer additional suggestions to the committee as outlined below.

Gilead supports establishing an out-of-pocket cap for patients in Medicare Part D, a beneficiary protection that is widely available in most all other insurance plans that helps patients access the medicines they need. In drafting legislation implementing such an out-of-pocket cap, however, we recommend that the Committees adhere to certain principles to ensure that the Medicare Part D benefit continues to serve beneficiaries while maintaining incentives for innovation.

First, we recommend a consistent manufacturer contribution percentage throughout the Part D benefit, after the deductible. We also recommend holding the overall industry contribution for Part D constant relative to the current coverage gap program. It is important that the Committees avoid changes that would create new distorting incentives in the Part D benefit design. In particular, we are concerned that shifting manufacturer liability from the coverage gap to the catastrophic phase of the benefit would penalize important medical innovations more likely to

reach the catastrophic phase of the benefit, such as novel combination products to treat complex diseases that that help improve efficacy and adherence, and curative therapies. Manufacturer contributions might be used – at least in part – to lower beneficiaries' cost-sharing percentage in the initial coverage phase.

Second, the current Part D structure has worked well since the establishment of the program to support vulnerable low-income subsidy (LIS) patients in affording and accessing the medicines they need. For this reason, we request that the Committees avoid changes to the benefit design for the LIS population, as such changes could undermine access to medicines for the most vulnerable Medicare Part D patients.

Thank you for the opportunity to provide feedback on this important effort to establish an out-of-pocket cap for patients in Medicare Part D. Please let us know if you have any questions or would like to discuss these recommendations.

Sincerely,

Michael Boyd
Vice President, Government Affairs and Policy
Gilead Sciences, Inc.