PATIENTS FOR AFFORDABLE DRUGS NOW™

June 5, 2019

Ways and Means Committee Chairman
Richard E. Neal
1102 Longworth House Office Building
Washington, DC 20515-6348

Energy and Commerce Committee
Chairman Frank Pallone, Jr
2125 Rayburn House Office Building
Washington, DC 20515-6115

Ways and Means Ranking Member Kevin Brady
1102 Longworth House Office Building
Washington, DC 20515-6348

Energy and Commerce Committee Ranking Member Greg Walden
2125 Rayburn House Office Building
Washington, DC 20515-6115

Chairman Neal, Chairman Pallone, Ranking Member Brady, Ranking Member Walden,

My name is David Mitchell, and I am a cancer patient and the founder of Patients For Affordable Drugs Now. On behalf of patients across the country, thank you for the opportunity to provide comments on this discussion draft on Part D improvements legislation.

Patients For Affordable Drugs Now is an independent, bipartisan patient organization focused on policies to lower prescription drug prices. We don't accept funding from any organizations that profit from the development or distribution of prescription drugs.

We hear from patients every day who struggle under the high cost of prescription drugs. Many of those patients are on Medicare Part D and still struggle with their out-of-pocket expenses each year.

One patient, Pam Holt from Granger, Indiana, was diagnosed with Multiple Myeloma and went $10,000 into debt in her first year because of the cost of the medication she needs to stay alive. She had planned well for retirement and was three years away from paying off her mortgage, but the drug, Revlimid, costs $21,000 per month which means she went in and out of the donut hole in the first month and spent the remaining months paying five percent of the $21,000. Patients are in desperate need of relief on out-of-pocket costs in Medicare Part D.

As patients we are grateful for this discussion draft. Though we would urge consideration of a lower threshold to further insulate patients, we are grateful the draft caps out-of-pocket expenses for patients at the top of the donut hole. We also think it is important that the government pays less in catastrophic, a fact the discussion draft recognizes.

However, we are concerned with how the proposal, as written, will impact premiums. We believe that by shifting insurers' responsibility to 80 percent of the price of a drug, the current proposal will increase premiums. Instead of this shift, we believe drug manufacturers should pick up a

portion of the cost as the government's responsibility is reduced. We recommend that manufacturers cover 40 percent of the price of a drug (which they alone set), insurers cover 40 percent, and the government pays 20 percent.

It is also critical that the present distribution of risk in the donut hole not be changed in this restructuring. Shifting risk from drug manufacturers to insurers or the government can only lead to higher premiums or higher taxes. The bipartisan deal struck last year should stand.

While we have answered some of your posed questions above, we have also attached our answers to each one below.

There are clear and tangible ways to improve Part D for beneficiaries. Capping out-of-pocket costs should absolutely be the first step, and we are grateful the committees are considering it. We hope the committees move forward with legislation that will not unnecessarily impact premiums and one that will hold pharmaceutical companies responsible for an increased share of the costs in the catastrophic phase.

We would like to be helpful to the committees as you move forward. Please let us know if we can be.

Regards,

David Mitchell
Cancer Patient & Founder
Patients For Affordable Drugs Now

Questions posed by the committees:

1) How the Part D program is addressing the problem of high cost drugs and how the program could better address the costs of these drugs. Specifically, whether or not Congress should consider changing or eliminating the distinction between the initial coverage phase and the coverage gap discount program;

Answer:
The closure of the donut hole was an important step to bringing relief to patients. But Congress must continue to improve Part D. The catastrophic phase was created to be a relief to patients when Part D was enacted in 2003. But with drug prices reaching $20,000 or more per month, the structure now can leave patients on the hook for out-of-pocket drug costs more than $15,000 a year.

We believe the structure of Part D up to and through the donut hole need not be amended. We must, however, fix the True-Out-of-Pocket (TrOOP) Cliff. Patients cannot afford to spend $6,350 out of pocket before hitting the catastrophic phase.

We recommend capping out-of-pocket costs at $5,100 or lower and use savings achieved by shifting risk in catastrophic to drug manufacturers and insurers to ameliorate premium impact. There should be no change to risk sharing in the donut hole. To help manage all these costs, it is long past time for direct Part D negotiations targeting the most expensive subset of drugs. Overall, there is no more effective and comprehensive solution to the high costs of Medicare Part D other than direct negotiations.

2) What share of costs should be attributed to the beneficiary, Part D plans, and manufacturers under the current system and how this share should change if the liability were shifted for the manufacturer from the current coverage gap discount program to the catastrophic phase of the Part D benefit; and

Answer:
We believe we should maintain the current distribution of responsibility up to and through the donut hole. We strongly oppose undoing the bipartisan agreement that restructured risk in the donut hole last year.

Drug manufacturers must assume some responsibility in the catastrophic phase. We worry that the current proposal will unnecessarily increase premiums if all responsibility is shifted to insurance providers. Instead, we suggest that risk in catastrophic be redistributed: 20 percent government, 40 percent insurance plans, 40 percent drug manufacturers.

3) What improvements the Committees should consider with respect to low-to-moderate income Part D beneficiaries and out-of-pocket costs below the catastrophic level.

Answer:
The committees should consider increasing the thresholds for subsidies to ensure we are rendering the costs of Part D manageable for the greatest proportion of the beneficiary population possible.

The committees should also consider whether to allow beneficiaries to purchase a supplemental plan to cover out-of-pocket costs above a certain threshold, as Part B beneficiaries can purchase Part B supplements now to cover out-of-pocket costs for drugs administered in physician offices and hospitals. The committees would have to discuss with insurers whether such a plan is feasible and could be designed to effectively save money for beneficiaries by triggering payments for amounts over a certain threshold depending on where you set the out-of-pocket maximum in Part D.