

Congress of the United States
House of Representatives
Washington, DC 20515

August 6, 2022

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Leader Schumer and Speaker Pelosi:

We write to express our strong opposition to the government drug price control policies in your reconciliation package. As medical providers and Members of Congress, we are deeply concerned with the harm these provisions will cause to patients across the country.

The GOP Doctors Caucus has continuously worked to ensure that physician practices can stay open to continue treating patients. We have heard directly from providers that the cuts proposed in this bill will jeopardize patient access to care. According to Avalere, changes to the Medicare Part B physician-administered drug reimbursement would lead to an average cut of 39.8 percent for health care providers.¹ The confluence of these cuts, including the 0% payment update, the reduction of the 4.5% Medicare conversion factor, and the adoption of several changes to the Evaluation and Management (E/M) Current Procedural Terminology codes, threatens the sustainability of medical practices and will lead to physicians closing their doors.

It is irresponsible to divert seniors' Medicare dollars to pay subsidies to non-Medicare insurance companies, yet this plan would do just that. The proposal will take "savings" from the drug price controls in the Medicare program to pay for expanded health insurance subsidies under the Affordable Care Act (ACA). This is money going to insurance companies and their bottom line; this is not money going directly towards care in any way. These expanded subsidies were originally part of the inflation-creating American Rescue Plan Act (ARPA). ARPA removed the income cap restricting access to premium tax credits, opening the door to taxpayer-funded subsidies for some of the wealthiest Americans.² Some families making more than \$500,000 annually now have access to expanded ACA subsidies, and they will continue to if this proposal goes through. Robbing Medicare to enhance the profit for insurance company shareholders and executives does nothing to improve anyone's health. To us, this is unconscionable.

If this plan is passed into law, millions of patients could die waiting for new drugs and cures that will no longer be developed in their lifetime. Government price controls have consequences. The Congressional Budget Office has conservatively estimated that 15 fewer drugs will be developed over the next 30 years

¹ Avalere, Part B Drug Negotiation Under BBBA Would Reduce Payments to Providers, November 18, 2021, <https://avalere.com/insights/part-b-drug-negotiation-under-bbba-would-reduce-payments-to-providers>.

² Galen Institute, Expanded ACA Subsidies: Exacerbating Health Inflation and Income Inequality, February 23, 2021, <https://galen.org/2021/expanded-aca-subsidies-exacerbating-health-inflation-and-income-inequality-2/>.

under this bill.³ Another study found that only six out of 110 currently approved therapies would have been brought to the market if this framework were in place.⁴

Any cure lost is one too many. As Members of Congress who have been involved in patient care, we understand the real-world impact that this will have on patients. Many of us have treated patients with chronic and life-threatening diseases. We've seen expensive surgeries and intensive inpatient care be eliminated by the development of new therapies. This development and innovation will all but go away, leaving patients without hope for improved quality of life and long-term savings.

We remain concerned that this proposal will also put the government in control of Americans' medical decisions. This is another clear example of a policy crafted by politicians who have never seen a patient. The bill calls for a 95 percent excise tax if drug companies do not accept the price government bureaucrats put in place. Top down, "take it or leave it" government price negotiation isn't a negotiation at all – it's government price fixing.

This reconciliation package under consideration applies upward pressure on drug pricing. The bill subjects a company to negotiation once its seven year exclusivity expires. As a result, companies could introduce drugs into the marketplace with high list prices, causing premium increases for healthier individuals enrolled in employer-sponsored plans.

In summary, this reconciliation package will have grave consequences for patients and patient care:

- This price setting scheme put forth in this bill will **endanger patient access** to care by cutting provider reimbursement on impacted Part B drugs by an average of forty percent.
- The bill does nothing to address other ongoing Medicare provider payment cuts set to begin in 2023.
- If this plan is passed into law, **millions of patients could die waiting for new drugs and cures** that will no longer be developed in their lifetime.
- **Government price controls have consequences**, and one lost cure is one too many.
- **This plan robs Medicare** to pay subsidies to insurance companies **and other non-health related expenditures**.

As medical providers in Congress, we urge you to recognize the danger this proposal will have on patients. We can and should work on a bipartisan basis to lower drug costs without sacrificing the cures and treatments that will provide for a healthier future.

Sincerely,

³ Congressional Budget Office, Estimated Budgetary Effects of Subtitle I of Reconciliation Recommendations for Prescription Drug Legislation, as Posted by the Senate Committee on Finance on July 6, 2022, https://www.cbo.gov/system/files?file=2022-07/senSubtitle1_Finance.pdf.

⁴ Vital Transformation, Build Back Better Act Total market impact of price controls in Medicare parts D and B, July 28, 2022, <https://vitaltransformation.com/2022/07/build-back-better-act-total-market-impact-of-price-controls-in-medicare-parts-d-and-b/>.



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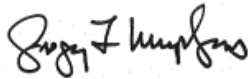
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