



Advancing Health in America

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October 28, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
U.S. Capitol Building, H-222
Washington, DC 20515

The Honorable Richard E. Neal
Chairman
Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Frank Pallone, Jr.
Chairman
Energy and Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Robert C. Scott
Chairman
Education and Labor Committee
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Dear Speaker Pelosi, Chairman Neal, Chairman Pallone and Chairman Scott:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, our clinical partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, we appreciate your work on H.R. 3, the Lower Drug Costs Now Act. We share your concerns about high drug prices, which have reached astronomical levels, and are committed to helping the Congress address the issue.

As you are well aware, the U.S. health care system is facing a prescription drug spending crisis fueled by exorbitant launch prices and unsustainable price increases for prescription drugs.

Patients and the providers who treat them directly feel the impact of these drug manufacturer actions. In the retail space, patients often are forced to make difficult financial decisions at the pharmacy counter, sometimes resulting in rationing their medications or leaving prescriptions unfilled due to high costs, and America's hospitals and health systems see the consequences firsthand — patients are coming back sicker than when they left. Further, those same high costs threaten the ability of hospitals and



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health systems to acquire needed drug therapies for patient care. While we appreciate the need and potential for the development of critical innovative drug therapies, current pharmaceutical company pricing tactics threaten the accessibility of those necessary medications.

H.R. 3 offers several solutions that will help hold drug manufacturers accountable. Specifically, we commend your work to reform the Medicare Part D Prescription Drug Program by eliminating the coverage gap, capping out-of-pocket costs for beneficiaries and placing more responsibility on both health insurers and drug manufacturers — directly benefiting consumers at the pharmacy counter. Further, we thank you for the inclusion of mandatory inflationary rebates for both Medicare Part B and Part D drugs. These rebates are a responsible and effective tool for holding drug manufacturers directly accountable for any aggressive and unfair price increases. Finally, as the single largest payer for health care in the United States, it makes sense to allow Medicare to negotiate directly with drug manufacturers on the price of drugs. Drug manufacturers continue to abuse the system and unjustly take advantage of the current Medicare prohibition on negotiation. Allowing the Department of Health and Human Services (HHS) Secretary the ability to negotiate for certain drugs for which there isn't competition will undoubtedly rebalance the playing field for Medicare beneficiaries.

While we generally appreciate the intent of and proposals included in H.R. 3, we are concerned by language that would allow the commercial market access to the HHS-negotiated price. Specifically, the AHA does not support government-rate setting in the commercial market. Instead, we encourage Congress to focus on ways to balance incentives for innovation with provisions that allow for more fair pricing and negotiations. Specifically, we support provisions that would provide hospitals and other purchasers with more information about drug development costs to help them negotiate prices with drug manufacturers, as well as provisions that would resolve anti-competitive issues that have allowed drug manufacturers to extend patents and market exclusivity periods beyond what was envisioned to incentivize innovation.

We thank you for your commitment to reduce drug prices, and we appreciate the hard work and planning that has gone into writing this bill. For any legislation to move through both the House and Senate and be signed into law, bipartisan agreement will need to be reached. We look forward to working with you to address these issues and to pass legislation lowering the price of drugs.

Sincerely,

/s/

Thomas P. Nickels
Executive Vice President