



May 5, 2020

The Honorable Chuck Grassley
Senator from Iowa
135 Hart Senate Office Building
Washington, DC 20510

Dear Senator Grassley,

On behalf of the more than 2.1 million members of AMAC – Association of Mature American Citizens – including over 22,000 members residing in the state of Iowa, I write to express our support for S. 2543, the *Prescription Drug Pricing Reduction Act of 2019*.

Our members frequently tell us that one of the most crucial issues concerning them is the price of prescription drugs, particularly for those AMAC members who live on a fixed income. We consistently hear them relate stories of balancing retirement income with the cost of their life-saving medications.

Focusing on the Medicare aspect of your bill, S. 2543 seeks to lower drug costs by establishing rebate programs for brand-name drugs and biologics used for Part B and Part D with prices that increase faster than the rate of inflation. These inflation rebates would be used to offset spending, driving down costs estimated by the CBO to be \$69.7 billion over ten years for Part D and \$12.3 billion during the same time for Part B.

Your bill also provides urgently needed transparency and accountability for pharmacy benefit manager (PBM) business practices. Among other things, it requires PBMs to submit negotiated discounts to Health and Human Services (HHS) to post online. It also requires PBMs to report the service fees they collect from drug manufacturers and plans, as well as directing the HHS Inspector General to annually evaluate PBM price data. It also directs Part D and Medicare Advantage plan sponsors to conduct audits of PBM contracts to account for the cost of drugs.

Importantly and directly relevant to AMAC members, S. 2543 would reduce the annual out-of-pocket spending threshold for the Part D program and eliminate beneficiary cost-sharing above this threshold. The bill caps the annual out-of-pocket expense at \$3100 for Part D beneficiaries. Once this cap is met, plans would pay 66 percent of brand-name costs, while Medicare would pay 20 percent and drug manufacturers would provide a 14 percent discount. For generic drugs, plans would pay 60 percent of the costs and Medicare would pay 40 percent. S. 2543 also eliminates the problematic coverage gap or “doughnut” hole.

Thank you, Senator Grassley, for taking comprehensive action to lower drug costs for the Medicare and Medicaid programs, make pharmaceutical transactions accountable and transparent and, notably, lower patients’ out-of-pocket expenses. We at AMAC encourage you to continue your advocacy on behalf of seniors and are pleased to offer our organization’s full support for the *Prescription Drug Pricing Reduction Act of 2019*.

Sincerely,

A handwritten signature in black ink that reads "Bob Carlstrom". The signature is written in a cursive, flowing style.

Bob Carlstrom
President, AMAC Action