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3 Title: Medicare Prescription Drug Price Negotiation
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5 Introduced by: Nabiha Hashmi for the Medical Student Section
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7 Original Authors: Zoey Chopra, Bhavna Guduguntla, Anisa Haque, Ahmad Hider, Jiwon Park, Sidney
8 Perkins, and Angela Yim
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10 Referred To: Reference Committee A
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12 House Action:
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15 Whereas, total spending on Medicare Part D is projected to more than double during the next 10
16 years, from \$94.5 billion in 2018 to \$195 billion in 2027, due to factors such as increase in the use and the
17 prices of specialty drugs and increased number of enrollees, and
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19 Whereas, the U.S. pays \$9,892 per capita for health care, which is more than any other nation, and
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21 Whereas, Medicare beneficiaries lose access to lower cost drugs; the Centers for Medicare and
22 Medicaid Services (CMS) is not allowed to negotiate with pharmaceutical companies on behalf of Part B
23 and D beneficiaries and Medicare beneficiaries subsequently lose access to lower cost drugs, and
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25 Whereas, in contrast to Medicare, Medicaid has negotiated drug prices through the Medicaid
26 drug rebate program, which has arranged for either the "best price" or significant rebate and inflation
27 adjustments from drug manufacturers, and
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29 Whereas, the average prices of all drugs under Medicaid are 38 to 40 percent cheaper than
30 Medicare Part D, and
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32 Whereas, the Veterans Health Administration (VA) operates under a drug price ceiling and is
33 guaranteed at least 24 percent off Average Manufacturer Prices and is known to negotiate further via its
34 national formulary, and
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36 Whereas, the average prices of all drugs under Medicare part D is 50 to 60 percent more
37 expensive than the VA, and
38

39 Whereas, providing the U.S. Secretary of Health and Human Services the ability to negotiate drug
40 prices and require brand-name drug manufacturers to lower the price of their drugs, Medicare Part D
41 could save on average \$11 billion per year, according to the Congressional Budget Office, and
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43 Whereas, if Medicare Part D could negotiate pricing of ophthalmic medications at VA rates, \$1.09
44 billion or 53 percent of total Medicare Part D spending would be saved, and
45

46 Whereas, a Kaiser Family Foundation 2017 poll found 92 percent of Americans support "allowing
47 the federal government to negotiate with drug companies to get a lower price on medications for people
48 on Medicare," and
49

50 Whereas, several congressional bills in 2019 have been proposed to allow the U.S. Secretary of
51 Health and Human Services to negotiate on behalf of Medicare Part D beneficiaries, and

52 Whereas, H.R.275 Medicare Prescription Drug Price Negotiation Act of 2019 was introduced in the
53 U.S. House of Representatives and Senate to repeal restrictions for CMS on negotiating prices of covered
54 drugs and require CMS to negotiate the prices of drugs; therefore be it
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56 RESOLVED: That MSMS support granting the U.S. Secretary of Health and Human Services the
57 authority to negotiate the price of covered prescription drugs; the elimination of Medicare negotiation
58 prohibition; and initiatives taken by the Center for Medicare and Medicaid Services Innovation Center to
59 develop new payment and service delivery models addressing drug price negotiation; and be it further
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61 RESOLVED: That the Michigan Delegation to the American Medical Association (AMA) ask our
62 AMA to strengthen AMA lobbying efforts in accordance with AMA policy D-330.954 and in support of H.R.
63 275 before the 116th Congress.
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66 WAYS AND MEANS COMMITTEE FISCAL NOTE: \$1,000 - \$2,000 for new MSMS and AMA policy.

Relevant MSMS Policy:

None

Relevant AMA Policy:

Prescription Drug Prices and Medicare D-330.954

1. Our AMA will support federal legislation which gives the Secretary of the Department of Health and Human Services the authority to negotiate contracts with manufacturers of covered Part D drugs.
2. Our AMA will work toward eliminating Medicare prohibition on drug price negotiation.
3. Our AMA will prioritize its support for the Centers for Medicare & Medicaid Services to negotiate pharmaceutical pricing for all applicable medications covered by CMS.

Sources:

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12. <https://www.congress.gov/bill/116th-congress/house-bill/275>