



COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

December 12, 2017

Senator Lamar Alexander
Chairman
Committee on Health, Education, Labor, and
Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Alexander and Senator Murray:

The undersigned partners of the Council for Affordable Health Coverage's *Prescriptions for Affordability* initiative write to you regarding the upcoming hearing on December 12th entitled, "The Cost of Prescription Drugs: An Examination of The National Academies of Sciences, Engineering, and Medicine Report 'Making Medicines Affordable: A National Imperative.'"

We support access to affordable care through policy solutions that encourage competitive markets, which will lower drug costs, promote innovation and support appropriate access to treatment. We are concerned the report calls for more government intervention in markets that would limit patient access while shifting costs to other payers. For example, the report proposes consolidation of pricing decisions across all government health programs (i.e. Medicare, all 50 state Medicaid programs, VA, etc.). We believe this will dramatically reduce choice and access for beneficiaries and ultimately shift significant costs to the private sector.

These proposals are not new; many Senators on the HELP Committee have previously supported some of the reforms suggested in the report. We are concerned, however, that these proposals do too much to harm consumers and divide stakeholders rather than drive consensus.

The current deadlock and finger pointing across industries and politicians has produced inertia that does nothing to lower costs for consumers. CAHC has brought together a cross-industry collaboration of stakeholders to break the stalemate and advance reforms that will lower costs for prescription drugs. Our group includes patients and consumers, employers, payers, PBMs, biopharmaceutical manufacturers and others who hope to impact the debate by developing and advocating for a set of credible, actionable policy solutions designed to increase value in health care.

Most recognize the healthcare system is undergoing a monumental shift as payers move aggressively to reward value. CAHC supports accelerating the shift to a value based system in three specific areas:

- 1. *Increase Competition.*** Reduce regulatory barriers and create incentives to speed biopharmaceutical development and approval.

2. ***Accelerate models that pay based on value (lower costs and better outcomes) versus volume.*** In such value-based systems, payment for a medicine is linked to patient outcomes, rewarding affordability and quality if certain targets are met. Uptake of these approaches have been needlessly slow for prescription drugs, hindered by laws that were built for an era that discouraged coordination and team-based approaches. Congress should reform these laws and incentivize value-based care in federal health programs.
3. ***Improve Data Infrastructure and Utilization.*** Create better infrastructure and streamline processes needed to bring value--based arrangements and higher value treatments to market.
 - Improve and encourage interoperability, data infrastructure, sharing, and availability.
 - Reduce provider regulatory reporting burdens.
 - Facilitate electronic recruitment and enrollment in clinical trials.

We estimate these changes cumulatively would lower national health expenditures by as much as \$71 billion annually when fully implemented. They are outlined more fully in the attached paper.

Bipartisan commitments from Congress and the administration to address drug cost and access issues have created new opportunities to promote innovation and value. We encourage you to adopt positive market-based solutions that promote these principles rather than policies that will harm consumers.

Already, the typical family spends 30 percent of their income on health care. If current trends continue, that family will spend more than 50 percent of their income on care within 14 years. Congress can help families avoid this future, but you must be ready and willing to act.

We appreciate your careful consideration of our comments and stands ready to serve as a resource as you further develop policies to make health care more affordable and accessible for all Americans.

Sincerely,

Biotechnology Innovation Organization
Council for Affordable Health Coverage
Express Scripts
GlaxoSmithKline
Healthcare Leadership Council
National Consumers League