

November 18, 2019

The Honorable Charles Grassley
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Frank Pallone
Chairman, Committee on Energy & Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Greg Walden
Ranking Member, Committee on Energy & Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Chairman, Committee on Ways & Means
United States House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member, Committee on Ways & Means
United States House of Representatives
Washington, DC 20515

Dear Chairmen Grassley, Pallone, and Neal, and Ranking Members Wyden, Walden, and Brady:

As Congress continues to consider important legislation aimed at reducing the cost of medicines for America's patients, we urge you to prioritize policies that support access to lower-cost generic drugs and biosimilars. On behalf of the patients, consumers and taxpayers we represent, we request that any comprehensive drug pricing legislation address the pressing issue of delayed patient access to generic medicines in Medicare Part D -- a trend that has already cost seniors \$22 billion in out-of-pocket costs since 2016. Failure to solve this problem will only increase beneficiary and health system costs, and harm patients who desperately need greater access to affordable medicines.

Generics and biosimilars offer immense value to patients and the health care system. Over the last decade, they have saved America's patients and our system nearly \$2 trillion, including more than \$90 billion for Medicare in 2018 alone. However, recent changes in treatment of generic medicines on formularies often reduce the full value of generics and put those savings in jeopardy.

Here's what's happening: Medicare Part D prescription drug plans are not covering lower-cost generics and biosimilars, making them unavailable to seniors. Despite the U.S. Food and Drug Administration's record number of generic drug approvals, first generics -- products that offered new competition to expensive branded drugs -- that launched in 2016 were covered on only 22 percent of Part D formularies that year. This problem has continued in more recent years, with first generics launched in 2017 and 2018 available on only 13 percent and 17 percent of Medicare formularies in their first year, respectively. Most startling, even three years after launch, first generics are still not covered on roughly 40 percent of Part D formularies.

Further, once generic drugs and biosimilars are covered, patients are paying more out of pocket for these medicines. In 2011, 71 percent of all generics were on the lowest cost-sharing tier. Today, only 14 percent of generics are on the lowest cost-sharing tier. As a result, seniors are forced to pay higher out-of-pocket costs to the tune of \$4 billion annually, and taxpayers are left footing the bill.

Our organizations support simple, practical solutions to ensure patient access to lower-cost medicines: 1) automatic coverage under Part D of lower-cost generic drugs and biosimilars immediately upon launch; 2) placement of generic drugs only on lower-cost sharing generic tiers; and, 3) creation of a new specialty tier reserved for biosimilars and specialty generics with lower cost-sharing for patients. These common-sense solutions have received bipartisan support in both the House and Senate and will meaningfully reduce Federal spending and out-of-pocket costs for Medicare beneficiaries.

Patients and taxpayers are in dire need of policies that will improve the affordability and accessibility of generic and biosimilar medicines. Ensuring timely and proper access to affordable medicines is an important step in lowering patient costs at the pharmacy counter and reducing overall Medicare spending. We stand ready to work with you and your colleagues to continue to improve Medicare.

Sincerely,

Asthma and Allergy Foundation of America
Allergy & Asthma Network
Alliance for Aging Research
Alliance for Retired Americans
American Consumer Institute
Black Women's Health Imperative
Caregiver Voices United
Center for Freedom and Prosperity
Citizen Outreach
Coalition to Reduce Spending
Consumer Action
Global Healthy Living Foundation
HealthyWomen
Innovation Defense Foundation
International Myeloma Foundation
Mended Hearts
The Michael J. Fox Foundation for Parkinson's Research
NMAC
National Alliance on Mental Illness
National Eczema Association
National Multiple Sclerosis Society
Patients For Affordable Drugs
Us TOO International Prostate Cancer Education & Support