

Congress of the United States
Washington, DC 20515

March 18, 2019

The Honorable Alex Azar
Secretary
U.S. Department of Health & Human Services
200 Independence Ave SW
Washington DC 20201

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health & Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma:

The Centers for Medicare & Medicaid Services (CMS) Advance Notice Part II, released on January 30, 2019, proposed changes affecting Medicare Advantage and Part D program payments and policies for calendar year (CY) 2020. We express bipartisan support for two policies CMS is considering that would address patients' rising out-of-pocket costs for prescription drugs by prohibiting Medicare Part D plans from moving generic drugs onto branded drug tiers and creating a new, specialty tier reserved solely for generics and biosimilars.

Price competition is vital in the Part D program and beneficiaries deserve a choice at the pharmacy counter when possible. CMS noted in the Advance Notice that “[t]he use of cost-effective therapeutic alternatives like generic and biosimilar medicines is critical to the current and long-term success of Medicare Part D.” We agree, and we must pursue policies that enhance the ability of generic and biosimilars to compete.

The proposals would reverse the recent practice of placing both brands and generics on the same Part D formulary tier. In 2011, 71% of generic drugs were on the lowest tier designed for generics; by 2015, that number decreased to only 19% of generics. This practice was found by an independent report to cost seniors \$22 billion in greater out-of-pocket costs since 2015, costs that could have been avoided through the use of lower-cost generics.¹ We urge CMS to take steps to increase access to lower-cost generics, when appropriate, by ensuring that Part D plans place generics on generic tiers and brands on brand tiers.

In addition, we are encouraged by the CMS proposal to increase the availability of certain generics and biosimilars through the creation of a separate specialty tier for generics and biosimilars that could provide more favorable cost-sharing and plan flexibility. Currently, specialty drugs account for more than 40 percent of pharmaceutical spending and less than 2 percent of prescription volume.² The current practice of placing generics and biosimilars that are considered specialty drugs on the same tier as brands, with equal cost-sharing, may disincentivize the use of more affordable drugs in Part D. As more and more generics and biosimilars compete to lower the price of specialty medicines, creating a separate specialty tier that provides favorable cost-sharing for specialty generics and biosimilars could lower out-of-pocket costs for seniors.


¹ Avalere. (May 2018). “Generic Drugs in Medicare Part D. Trends in Tier Structure and Placement.”

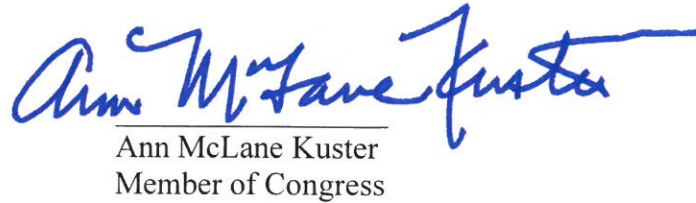
² IQVIA.(April 2018). “Medicine Use and Spending in the U.S.: A Review of 2017 and Outlook to 2022”

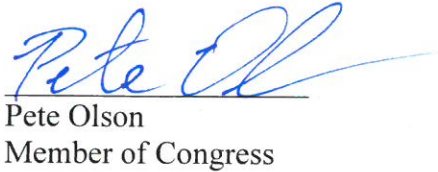
IQVIA. (January 2019). “The Global Use of Medicine in 2019 and Outlook to 2023”

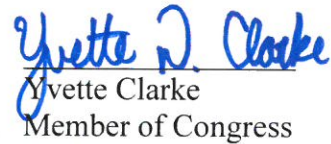
Out-of-pocket drug prices are a major issue for seniors. We encourage CMS to move forward with this policy effective CY2020 to lower out-of-pocket costs for millions of Americans, ensuring that they receive the full value of generic and biosimilar competition.

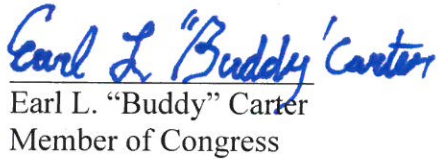
Sincerely,

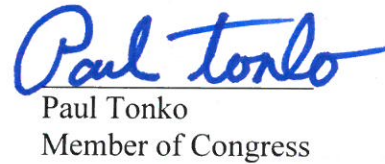

David B. McKinley, P.E.
Member of Congress

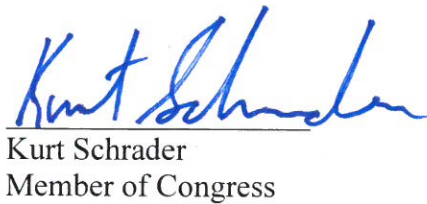

Ann McLane Kuster
Member of Congress

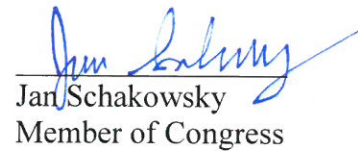

Pete Olson
Member of Congress

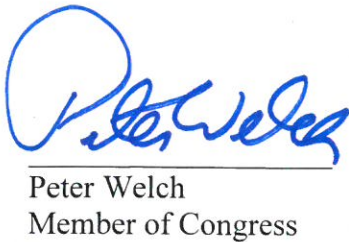

Yvette Clarke
Member of Congress



Earl L. "Buddy" Carter
Member of Congress

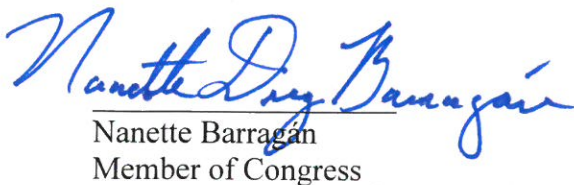

Paul Tonko
Member of Congress

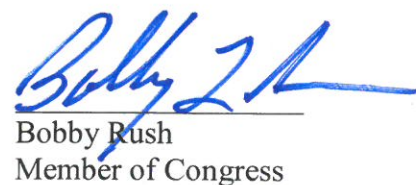

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