

STATEMENT SUBMITTED TO THE UNITED STATES SENATE
SPECIAL COMMITTEE ON AGING

HEARING ON

NO TIME TO WAIT: PROPOSALS TO LOWER PRESCRIPTION DRUG COSTS

APRIL 12, 2022

MS. DORA VASQUEZ
EXECUTIVE DIRECTOR

ARIZONA ALLIANCE FOR RETIRED AMERICANS
3117 NORTH 16TH STREET, SUITE 200 • PHOENIX, AZ 85016 • 602-689-8048
www.retiredamericans.org



Good morning.

Thank you, Senator Kelly, for holding today's field hearing in the great state of Arizona, and for inviting me to testify.

I am Dora Vasquez, Executive Director of the Arizona Alliance for Retired Americans.

The Arizona Alliance for Retired Americans is a grassroots organization representing more than 48,000 retirees and seniors statewide working to advance public policy that strengthens the health and retirement security of older Americans.

It is a pleasure to be here with all of you today as we discuss ways to bring the skyrocketing cost of prescription drugs under control. There truly is no time to wait to lower prescription drug prices.

The Arizona Alliance strongly supports efforts to eliminate waste and reduce drug costs in Medicare's prescription drug benefits plans and the system's finances overall and opposes proposals that shift any additional costs to beneficiaries. We support the fundamental goals of this hearing, namely, to demonstrate the harm that exceedingly high prescription drug prices cause senior citizens and the American economy.

Senator Kelly has been a leader in the effort to lower the cost of prescription drugs through Medicare negotiation; out of pocket caps; and a Part D redesign that includes a cap on the price of insulin. All of these tools are needed to reduce the cost of prescription drugs.

Prescription Drug Prices

Americans pay the highest prices in the world for prescription drugs, and prices on hundreds of drugs have already increased by 5% in 2022, far outpacing inflation. According to a March 29, 2021 report by the Government Accountability Office (GAO), in 2020 Americans paid two to four times more for 20 brand-named drugs than people in Canada, France and Australia. Seniors, who take the most prescription drugs to stay healthy, bear the brunt of these high prices.

Because of the terribly excessive cost of prescription drugs, a quarter of Americans and 20% of seniors report not being able to afford their prescriptions. As a result, millions of Americans do not take their prescriptions as prescribed by their doctor and are instead not filling them, skipping doses, or taking fewer doses than directed.

This should not be tolerated in a nation as wealthy and resourceful as the United States.

Allowing Medicare to Negotiate Prescription Drug Prices

The Arizona Alliance strongly believes that the Secretary of Health and Human Services must be allowed to negotiate lower drug prices under Medicare.

According to the Congressional Budget Office, Medicare price negotiation would not only assist seniors to afford their medicine, it would also save the U.S. government billions of dollars. The CBO estimates that Senator Kelly's proposal to allow negotiation would lower spending by \$78.8 billion over 10 years. This would create savings that could be reinvested back into Medicare for greater or improved coverage.

Patent Abuses

Another contributing factor to the causal effect of high drug prices is the abusive practice of drug companies that take advantage of the U.S. patent system. The Arizona Alliance strongly believes that legislation needs to be enacted to curb these often-egregious abuses.

Pharmaceutical corporations use numerous tactics to extend patent terms, costing Medicare billions of dollars. For example, AbbVie Pharmaceutical reached an agreement through a pay-for-delay deal with its competitors, Novartis, and Amgen, to delay the entry of those companies' biosimilars in the United States until 2023, a delay agreement that is costing American taxpayers \$19 billion.

Additional Items:

Lastly, the Arizona Alliance for Retired Americans strongly supports meaningful drug pricing reforms in the plan supported by Senator Kelly that passed the House. The most salient of these include:

- Capping co-pays for insulin at \$35;
- Setting a \$2,000 annual out of pocket cap for seniors' medications in Medicare Part D;
and
- Creating a new price gouging penalty for drug companies that raise prices faster than inflation.

I want to thank you again for providing me with the opportunity to present testimony on behalf of the Arizona Alliance for Retired Americans on this critical issue, and I would be pleased to answer any questions you may have. Thank you.