

September 7, 2021

The Honorable Ron Wyden
Chairman, Senate Finance Committee
United States Senate
Washington, D.C. 20510

Dear Chairman Wyden:

We, the undersigned organizations, represent employers and other private market purchasers who sponsor full medical and prescription drug plans for millions of American workers and their families.

We take great interest in Congress' efforts to reform the prescription drug market as the rising cost of prescription drugs is alarming, and potentially jeopardizes access to these life-saving medicines.

We commend your "Principles for Drug Pricing Reform," with the goal of making prescription drugs more affordable while still encouraging innovation. In particular, we are pleased to see the inclusion of Principle #4, which states that "drug pricing reforms that keep prices and patient costs in check should extend beyond Medicare to all Americans, including those covered by employer and commercial health plans." We couldn't agree more, and strongly encourage Congress to include employer and commercial plans in prescription drug reforms as the legislative process moves forward.

While many Medicare beneficiaries struggle to afford their drugs, the problem is particularly acute among people not yet eligible for Medicare. According to a survey by West Health and Gallup, individuals under age 65 report difficulty affording their medications at a rate even higher than those enrolled in Medicare.¹

Employers and other private market purchasers provide 160 million Americans with an important source of health care and prescription drug coverage across the country. These plan sponsors and our plan participants financially support the overall U.S. health care system (including the prescription drug market) as critical payers, subsidizing public programs by offsetting costs that government programs, such as Medicare and Medicaid, do not fully cover. Any prescription drug pricing reform which does not allow private payers to take advantage of the same cost containment mechanisms government programs enjoy will only serve to further drive up the prescription drug costs for millions of Americans in the form of additional cost-shifting. As illustrated by an internal analysis by the American Health Policy Institute, if

¹ West Health-Gallup U.S. Healthcare Study of U.S. adults (18+) conducted by web via the Gallup Panel in January 2021 (n=4,098), March 2021 (n=3,905), and June 2021 (n=4,843). Available at: <https://www.westhealth.org/wp-content/uploads/2021/09/TABLES-West-Health-Gallup-Drug-Pricing-Report-21.09.06.pdf>

manufacturers raise prices on commercial payers to compensate for reduced revenues from Medicare, insurance premiums for those enrolled in employer health plans could increase by as much as 3.7 percent per year, above current growth projections. The magnitude of the increased cost is significant: over \$125 billion in higher prices for employers and their employees over just five years.

Even large health care purchasers like the ones we represent have limited ability to reduce their prescription drug spend. We believe in free markets, but without market competition – as is the case with many prescription drugs – the government has a responsibility to protect purchasers and consumers. We ask for Congress' help in balancing the playing field so that we can purchase prescription drugs for our plan participants and their families at a reasonable price.

We look forward to seeing the debate progress and strongly encourage the inclusion of employer and commercial plans in any prescription drug reforms that advance.

Sincerely,

American Benefits Council
Corporate Health Care Coalition
Economic Alliance for Michigan
The ERISA Industry Committee
HR Policy Association
National Alliance of Healthcare Purchaser Coalitions
Purchaser Business Group on Health
Silicon Valley Employers Forum

cc: The Honorable Charles Schumer, Senate Majority Leader
The Honorable Nancy Pelosi, Speaker of the House of Representatives
The Honorable Richard Neal, House Ways & Means Committee