

To: House Health Care Committee

From: Jesse Ellis O'Brien, OSPIRG Health Care Advocate

Date: April 12, 2013

Re: Letter in Support of HJM 14

Chair Greenlick and Members of the Committee,

**OSPIRG supports HJM 14.** Empowering Medicare to act as a smart purchaser and negotiate the best deal on prescription drugs is a simple step that could cut hundreds of billions of dollars in unnecessary costs and have a major impact on the bottom line for America's seniors.

**Since Medicare cannot negotiate on costs, America's seniors and the federal government are simply paying too much for prescription drugs.** If pharmaceutical companies receive pushback from purchasers like Medicare, they have a much greater incentive to take steps to provide their products at a reasonable price. Failing to push back on these excess costs represents a missed opportunity that leads to substantial wasteful spending in our health care system.

Prescription drug costs are an important contributor to out-of-control health care costs, and purchasers that actively negotiate to get the best deal for their drug benefits have seen slower cost growth. According to a recent report, empowering Medicare to negotiate could save the federal government \$230 billion over ten years, as well as saving state governments \$31 billion and consumers \$48 billion.<sup>1</sup>

These savings can be achieved without cutting care or passing more costs along to seniors, but by pushing back to make sure that drug costs are reasonable and do not include wasteful and unnecessary overspending.

**OSPIRG urges you to join us in calling on Congress to empower Medicare to push back on unreasonable prescription drug costs.**

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<sup>1</sup> Reducing Waste with an Efficient Medicare Prescription Drug Benefit, Dean Baker (Center for Economic and Policy Research, January 2013). <http://www.cepr.net/documents/publications/medicare-drug-2012-12.pdf>