



April 21, 2015

The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Nelson:

AARP is pleased to endorse the Medicare Drug Savings Act of 2015. Your legislation will require prescription drug manufacturers to provide rebates for drugs provided to Medicare Part D low-income subsidy beneficiaries, including those who are dually eligible for Medicare and Medicaid.

Medicare Part D benefit costs are projected to grow at an average annual rate of 9.5 percent through 2023, significantly faster than GDP. Unlike Medicare Part A, which is financed primarily through payroll taxes, Medicare Part D is funded through a combination of premiums and general revenue. As Part D spending increases, so does the cost burden shouldered by enrollees and taxpayers. The typical Medicare beneficiary today, living on an annual income of about \$22,000 already struggles to pay for ever-rising health and prescription drug costs – and nearly 20 percent of his/her annual income currently goes to health care costs.

The Medicare Drug Savings Act of 2015 would provide a significant financial benefit to the Part D program and the beneficiaries it serves. AARP understands the important need to spend Medicare dollars wisely and to reduce the nation's spending on health care generally. However, AARP wants to ensure that Congress does not simply ask seniors to pay more or enact harmful cuts to Medicare benefits. Consequently, AARP is encouraged by your legislation, which instead focuses on constructively reducing costs, saving as much as \$141 billion over the next ten years without negatively impacting Medicare Part D benefits.

We look forward to working with you and your colleagues on both sides of the aisle to enact the Medicare Drug Savings Act of 2015. If you have any further questions, please feel free to contact me, or have your staff contact KJ Hertz at (202) 434-3732 on our Government Affairs staff.

Sincerely,

A handwritten signature in black ink that reads 'Joyce A. Rogers'. The signature is written in a cursive, flowing style.

Joyce Rogers
Senior Vice President
Government Affairs