



# LEGISLATIVE ALERT

April 21, 2015

Honorable Clarence William Nelson  
United States Senate  
Washington, DC 20510-4206

Dear Senator Nelson:

On behalf of the AFL-CIO, I write to thank you for introducing the Medicare Drug Savings Act and to express our strong support for this legislation.

As you are aware, this bill will reduce Medicare Part D drug spending by \$121 billion over ten years through a sensible approach to reducing expenditures. The Medicare Drug Savings Act will restore drug pricing policies that were in place before the passage of the Medicare Modernization Act (MMA). Prior to the passage of the MMA, the Medicaid drug rebate applied for Medicare/Medicaid dual eligible beneficiaries, saving the federal government billions of dollars.

A 2011 study by the Inspector General of the Department of Health and Human Services found that the Medicaid rebate program achieves higher savings for major drugs – namely a 45 percent reduction in expenditures – compared to the discounts obtained by private Part D drug plans on their own, which averaged 19 percent. It is time to resume the drug pricing policies that obtain the best savings for the Medicare program, reducing cost pressures on the program.

We look forward to working with you to enact this important legislation.

Sincerely,

William Samuel, Director  
Government Affairs Department

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