



President
Barbara J. Easterling

Secretary-Treasurer
Ruben Burks

April 21, 2015

The Honorable Bill Nelson
716 Hart Senate Office Building
Washington, DC 20510

Dear Senator Nelson:

On behalf of the more than 4.3 million members of the Alliance for Retired Americans, we are writing in support of your bill, the Medicare Drug Savings Act. This legislation will produce savings under the Medicare program helping to alleviate the need to shift health costs on to beneficiaries.

As you know, when dual-eligibles -- low-income beneficiaries who qualify for both Medicare and Medicaid -- were covered under Medicaid, drug companies paid rebates for them under the program. However, when the Medicare Part D program was created, dual-eligibles were transferred to the Medicare program, where pharmaceutical companies are not required to pay rebates. This has created a huge windfall for pharmaceutical companies. Your legislation simply reverts back to previous law requiring pharmaceutical companies for pay rebates for these dually-eligible beneficiaries.

According to the Congressional Budget Office, the Medicare Savings Program will produce \$121 billion in savings. With the Senate budget for FY 2016 calling for \$430 billion in Medicare cuts, your legislation goes a long way to produce savings, reducing the need to increase costs to beneficiaries.

We look forward to working with you on this important legislation. Your leadership in this effort demonstrates your commitment to older Americans. Should you have any questions, please contact Eva Dominguez, Government and Political Affairs department, at (202) 637-5277.

Sincerely yours,

Handwritten signature of Barbara J. Easterling in black ink.

Barbara J. Easterling
President

Handwritten signature of Ruben Burks in black ink.

Ruben Burks
Secretary-Treasurer

Handwritten signature of Richard J. Fiesta in black ink.

Richard J. Fiesta
Executive Director

