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The Honorable Alex M. Azar II
Secretary
Department of Health and Human Services
200 Independence Avenue, NW
Washington, D.C., 20201

Dear Secretary Azar:

On behalf of the AMGA, we appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) Request for Information (RFI) titled, "HHS Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs" (RIN 0991-ZA49).

Founded in 1950, AMGA represents more than 450 multi-specialty medical groups and integrated delivery systems representing approximately 177,000 physicians who care for one-in-three Americans. Our member medical groups work diligently to provide innovative, high quality patient-centered medical care in a spending efficient manner. Many of our medical groups already participate in the Accountable Care Organization (ACO) or the Medicare Shared Savings Program (MSSP) and in the Next Generation ACO and in the Comprehensive Primary Care + and in other pay for performance demonstrations. AMGA, therefore, has a strong interest in, as the RFI states, "reducing out-of-pocket spending for patients at the pharmacy and other sites of care" and in any and all regulatory reforms that allow MSSP providers and providers in all other pay for performance arrangements to be successful.

Reducing Beneficiary Out-of-Pocket Spending

The RFI identifies several opportunities to reduce Medicare beneficiary out-of-pocket (OOP) spending. As proposed, CMS could provide the Part D beneficiary with additional information concerning drug prices through the benefit year. Pharmacists could be authorized to inform beneficiaries when prices for their drugs have changed, effectively repealing the so-called "gag rule." CMS also could borrow from the programs that health plans and pharmacy benefit managers (PBMs) use to inform pharmacists when new formulary options, expected cost-sharing, and lower-cost alternatives are available to individual patients. AMGA supports these proposed reforms as well as related reforms identified in the RFI that would benefit the patient downstream. For example, under "Better Negotiation," the RFI identifies indication-based pricing in support of value-based pricing. That is, as the RFI states, Medicare would not indiscriminately pay for a drug "regardless of the diagnosis for which it is being used."



Advancing High Performance Health

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AMGA also supports several of the recommendations for out-of-pocket (OOP) costs that the Medicare Payment Advisory Commission (MedPAC) made in its related July 13 comments to the Secretary. MedPAC recommends that CMS eliminate cost sharing on generic drugs for low-income beneficiaries and require plans to apply a substantial portion of rebates at the point of sale instead of using rebates to lower premiums for all plan enrollees. Concerning HHS' proposal to increase Part D plan sponsors risk in the catastrophic phase by increasing their liability from 15% to 80% over four years, MedPAC restates its 2016 recommendation that Medicare lower the reinsurance it pays to plans from 80% to 15% over a transition period. This means that plan sponsors' insurance risk for catastrophic spending would rise from 15% to 80%. MedPAC also supports, as does AMGA, CMS excluding manufacturers' discounts in the coverage gap from the calculation of enrollee's true OOP spending.

Since the RFI notes HHS is interested in "in all suggestions to improve the affordability and accessibility of prescription drugs, including reflections and answers to questions not specifically asked above," we note and support related research published in Health Affairs this month. Concerning OOP, Erin Trish and her colleagues recommended in their article titled, "Growing Number of Unsubsidized Part D Beneficiaries With Catastrophic Spending Suggests a Need for An Out-Of-Pocket Cap," that "policy makers should consider implementing an out-of-pocket spending cap in the Part D program to provide true insurance protection for beneficiaries." The recommendation is based on the fact Part D beneficiaries are prohibited from buying supplemental insurance (even if they received Part D coverage via a Medicare Advantage plan) and that total per person spending has in recent years grown rapidly for non-Low Income Subsidy beneficiaries who reach catastrophic coverage. This OOP spending is an annual occurrence for beneficiaries with chronic conditions, especially, for example, for patients with rheumatoid arthritis and multiple sclerosis. In addition, there is broad support for such as policy, as evidenced by Sen. Ron Wyden's (D-OR) proposal, MedPAC's recommendations, and the President's FY 2019 budget request.

We thank CMS for consideration of our comments. Should you have questions please do not hesitate to contact AMGA's David Introcaso, Ph.D., Senior Director of Public Policy at (703) 842.0774 or at dintrocaso@amga.org.

Sincerely,

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AMGA