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## United States Senate

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The Honorable Alex Azar  
Secretary  
U.S. Department of Health & Human Services  
200 Independence Ave SW  
Washington DC 20201

The Honorable Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health & Human Services  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma:

Last year, a report was published finding that seniors relying on Part D coverage paid \$6.2 billion more in out of pocket costs for their prescription drugs than they should have.<sup>1</sup> This is because Part D plans moved generic drugs onto branded drug tiers which have a much higher out of pocket cost for seniors.

In the CY2017 Medicare Advantage and Part D Rate Announcement and Call Letter, CMS compounded this tactic by explicitly allowing plan sponsors to create a "non-preferred drug" tier that includes both brand and generic drugs. This effectively gave plans a license to expand the movement of generics into non-generic tiers, causing seniors to pay much higher out of pocket costs.

I am pleased to find that CMS is considering an "alternative" policy in the CY2020 Medicare Advantage and Part D Advance Notice Part II and Draft Call Letter that would eliminate this practice by discouraging or prohibiting plans from placing generics on brand formulary tiers and brand drugs on generic formulary tiers. I applaud CMS for considering these cost-effective policies and urge the Agency to make them final for CY2020.

Additionally, specialty drugs represent the highest costs in prescription drug spending. Specialty brand drugs account for 37.4% of pharmaceutical spend and only 1.9% of prescription volume.<sup>2</sup> Currently, all generics and brands that are considered specialty are placed on the same tier in Part D with no separate distinctions for generics/biosimilars versus brands. I am pleased to see CMS soliciting comment on a specialty tier for generics and biosimilars in the CY2020 Advance Notice. To encourage more utilization of lower costs alternatives and provide seniors with lower out of pocket costs, I urge CMS to create a separate tier for specialty generics and biosimilars that provides more favorable cost-sharing to incentivize robust usage of lower cost generics and biosimilars, effective CY2020.

Thank you for considering this important issue. I look forward to working with CMS to ensure that Part D seniors receive the best and most affordable drug coverage possible.

  
U.S. Senator Bill Cassidy, M.D.

<sup>1</sup> Avalere Report, Generic Drugs in Medicare Part D: Trends in Tier Structure and Placement, May 22, 2018, available online: <http://avalere.com/expertise/life-sciences/insights/seniors-pay-more-for-generics-in-medicare-prescription-drug-plans-despite-s>

<sup>2</sup> IQVIA report: "Medicine Use and Spending in the U.S.: A Review of 2017 and Outlook to 2022" April 2018