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August 16, 2019

The Honorable Charles Grassley
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Grassley and Ranking Member Wyden:

On behalf of the Digestive Health Physicians Association (DHPA), we appreciate the opportunity to provide feedback on The Prescription Drug Pricing Reduction Act (PDPRA) of 2019. As the voice of the nation's leading independent gastroenterology practices, we share the Committee's goal of reducing patients' drug costs and ensuring the sustainability of the Medicare program. However, we believe Section 102, which would include the value of coupons provided to commercially insured patients for the purpose of calculating Medicare's average sales price (ASP) reimbursement formula, may have the opposite effect.

DHPA is the only national medical association that exclusively represents the voices of those gastroenterologists who have chosen to care for patients in the independent practice setting. Our members include 84 independent gastroenterology practices with more than 2,000 physicians who provide care for approximately 2.5 million people in 36 states across the nation. We are on the front lines of providing treatments for serious diseases and chronic conditions such as colorectal cancer, Crohn's disease, and ulcerative colitis.

Pharmaceutical manufacturers provide coupons to reduce patient out-of-pocket costs so that drugs administered in the medical office setting are affordable and accessible to patients. Rising cost-sharing obligations imposed by pharmacy benefit managers and insurance companies make these patient assistance programs absolutely critical for ensuring patients can stay on their medication regimens.

Thousands of patients treated by our member practices benefit from these patient assistance programs. We believe this proposal may jeopardize our member practices' ability to furnish certain drugs to their patients. Specifically, Section 102 will negatively impact our patients with Crohn's disease and ulcerative colitis, which are both major categories of inflammatory bowel diseases (IBD).

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Crohn's disease affects an estimated 700,000 Americans and IBD affects an estimated 1.6 million Americans, many of whom are now entering the Medicare population. Inflammatory bowel disease can lead to years of debilitating pain and discomfort and, in some cases, life-threatening complications. Many of our patients need expensive therapeutic medications that are administered in our offices to treat GI autoimmune disorders such as Crohn's disease and ulcerative colitis.

The ASP formula presently excludes the value of coupons provided to patients because they are not related to privately negotiated price concessions between manufacturers and payers. This radical change in the ASP calculation could force manufacturers to curtail or eliminate their patient assistance programs, which would have a devastating impact on our patients' access to these critical and expensive biological medications.

Inclusion of the value of these coupons in computing ASP means that many providers will lose money on these medications because Medicare's reimbursement will fall with the reduction of the ASP, but the price at which providers acquire these drugs will not change. Because physician practices are already confronting reduced reimbursement as a result of sequester, this additional cut may cause many practices to stop providing these treatments because the payment rate does not cover the actual cost. This could challenge the viability of practices, especially for smaller practices and those in rural or underserved areas.

If physician practices like ours can no longer afford to administer these drugs, this policy is also likely to force patients to seek care in the more expensive hospital setting where Medicare and patients pay dramatically more for drug administration. Such a result runs counter to policymakers' desire to keep care out of more expensive sites of care.

We appreciate the Committee's leadership in working to lower drug prices, especially for our most vulnerable patients. But we believe this particular policy will have the opposite effect either by increasing commercially insured patients' out-of-pocket costs or driving Medicare beneficiaries to the higher cost care setting, which will raise Medicare costs and related patient coinsurance obligations.

We look forward to working with you to resolve these problems and focus the effort on more promising ideas that can reduce costs without compromising patient access.

Sincerely,

Michael Weinstein, M.D.
President & Board Chair

Naresh Gunaratnam, M.D.
Chair, Health Policy

cc: U.S. Rep. Richard Neal, Chair, U.S. House Ways & Means Committee
U.S. Rep. Kevin Brady, Ranking Member, U.S. House Ways & Means Committee
U.S. Rep. Frank Pallone, Chair, U.S. House Committee on Energy & Commerce
U.S. Rep. Greg Walden, Ranking Member, U.S. House Committee on Energy & Commerce