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For Immediate Release:

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STATEMENT ON PART D REBATE SAFE HARBOR REPEAL AND “MOST FAVORED NATION” DEMONSTRATION

Washington, D.C. – The National Coalition on Health Care (NCHC) released a statement opposing the the Administration’s approach to address drug pricing through the two rules released Friday, November 20.

The rules – removing the current [rebate safe harbor](#) in Medicare Part D and establishing a [“Most Favored Nation” Model](#) in Part B – rightly recognize the urgency of addressing exorbitant drug prices, especially during the twin public health and economic crisis of the coronavirus pandemic. However, the Coalition believes that these hasty rules will only burden future efforts by a new Congress to make necessary and sustainable changes to our drug pricing system.

“Good intentions will not save seniors from high drug prices,” said John Rother, President of the National Coalition on Health Care. “We should look to the next Congress to make comprehensive change that avoids cost-shifting, easily anticipated court battles, or unintended consequences.”

Part D Rebate Rule

The rebate rule is not a sustainable path to lower drug prices. Despite Secretary Azar’s wishful [analysis](#), the rule itself recognizes CMS’ Office of the Actuary analysis showing Part D premiums could rise by 25% – the largest increase in premiums since the program began. The Congressional Budget Office stated the rule could [increase federal spending](#) by as much as \$177 billion. Premiums would rise in part because the rule does nothing to address high list prices. Already profitable drug manufacturers will be made better off because of this rule, at the expense of seniors.

Most Favored Nation (MFN) model

The MFN model would be a mandatory demonstration model to tie Part B drug prices to the lowest price among a basket of developed countries under Center for Medicare and Medicaid Innovation (CMMI) authority. The intent to lower drug prices in line with what other developed countries pay is laudable. However, the legality of CMMI's authority to conduct such a model is unclear. Furthermore, there is no reason to outsource pricing policy to other countries. Instead, we should look to other countries like Germany to create our own domestic system for independent evaluation of drug value.

Conclusion and Next Steps

For both rules, seniors are unlikely to ever see any theoretical benefit of these rules because of the administration's process. The questionable legality of these rules, for various reasons, threatens any lasting change to a system in need of durable reform.

In short, the Coalition reiterates the need for sustainable change and therefore urges the incoming administration to take on negotiations with Congress to pass comprehensive drug pricing legislation built with stakeholder support that accomplishes similar goals and more. Both the House and the Senate have introduced major drug pricing legislation – with broad support on issues that none of the drug pricing executive orders address. The rulemaking released last week will drain attention from the popular provisions in these bills that will be effective.

A good-faith legislative process would do more justice to the [public call](#) to address drug prices, especially during the pandemic, than what can be done through existing regulatory authority.

About the Coalition: NCHC is a nonpartisan, nonprofit, multi-stakeholder organization dedicated to promoting health care affordability and accessibility. The Coalition represents more than 80 participating organizations, including medical societies, businesses, unions, health care providers, faith-based organizations, pension and health funds, insurers, and groups representing consumers, patients, women, minorities, and persons with disabilities. Collectively, our organizations represent more than 100 million Americans.