

April 17, 2019

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, DC 20510

Dear Senator Durbin:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and our clinical partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, we are pleased to support your legislation, S. 551, the Recovering Excessive Funds for Unused and Needless Drugs (REFUND) Act.

The AHA is committed to the availability of high-quality, efficient health care for all Americans. Hospitals, and the clinicians who work in them, know firsthand the lifesaving potential of drug therapies. However, an unaffordable drug is not a lifesaving drug. Hospitals and health systems continue to see unsustainable increases in their spending on prescription drugs. Between 2015 and 2017, total hospital and health system spending on drugs increased on average by 18.5 percent per admission, including a jump of 28.7 percent per outpatient adjusted admission. These increases follow record growth in prescription drug spending of 38.7 percent in the inpatient setting from 2013 to 2015.

While no single solution to the increasing price of prescription drugs exists, there are steps that can be taken to address contributing factors to high and rising prices. One of these factors relates to packaging sizes provided by manufacturers. Currently, many common medications are packaged in sizes that do not align with the most common dosages. As a result, providers frequently are forced to discard the potentially tainted excess content of the package, resulting in expensive and unnecessary waste. For example, one study found that packaging size alone results in \$3 billion of wasted cancer drugs each year.¹

¹ Bach, P. et al, "Overspending driven by oversized single dose vials of cancer drugs," BMJ, March 1, 2016.



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Your legislation would require the Secretary of Health and Human Services to provide an estimate of the cost associated with discarded Medicare Part B medications and require a rebate to the Medicare Trust Fund for 90 percent of the recorded amount. In addition, Medicare beneficiaries would receive a reimbursement for their 20 percent coinsurance for the cost of the discarded drugs. This proposal would incentivize manufacturers to align package sizes with common dosage amounts, ultimately reducing waste and spending for hospitals and health systems, the federal government and Medicare beneficiaries.

Thank you for your efforts to address an important aspect of high drug prices. We look forward to working with you to advance this legislation.

Sincerely,

/s/

Thomas P. Nickels
Executive Vice President