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July 19, 2021

The Honorable Bob Menendez
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Bill Cassidy
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Menendez and Senator Cassidy:

On behalf of the Patient Access Network (PAN) Foundation and the patients and families we support, we write to express our appreciation for your leadership in seeking policy solutions to address the high out-of-pocket costs that are a significant barrier for too many Americans who cannot afford their critical prescription medications. We laud your leadership in introducing the Seniors Prescription Drug Relief Act, which would cap annual out-of-pocket cost in the Medicare Part D program and institute a mechanism to smooth these costs throughout the plan year.

Founded in 2004, PAN is a non-profit organization whose mission is to help underinsured people with life-threatening, chronic, and rare diseases get the medications and treatments their physicians prescribe for them by providing financial assistance for their out-of-pocket costs and by advocating for improved access and affordability. PAN provides patients with direct assistance through nearly 70 disease-specific programs and also collaborates with national patient advocacy organizations to provide patients with education and additional support. Since 2004, nearly one million underinsured patients have received financial assistance from the Foundation.

The Part D program and its beneficiaries have seen significant health spending growth over the last decade. Between 2007 and 2019, Part D spending increased at an average annual rate of 5.5 percent and from \$49 to \$85 billion.¹ Although extensive research demonstrates the favorable impact of Medicare Part D on access to prescription medications, the benefit design, along with other factors such as placement of certain drugs on specialty tiers, creates insurmountable barriers for Medicare beneficiaries and their ability to access needed treatments. Millions of Medicare beneficiaries struggle to afford their prescription medications, and in many cases, this is because of Part D's outdated benefit design. Therefore, we appreciate your efforts to modernize the Medicare Part D benefit design to improve prescription medication access and reduce the financial burden on all beneficiaries.

Respectfully, we want to call your attention to the importance of removing barriers to smoothing. PAN believes that there should be no trigger mechanism so that enrollees can opt in to smoothing at their first fill of the plan year. Waiting until an enrollee incurs a significant percentage of their OOP threshold would require patients to incur potentially thousands in out-of-pocket expenses before an enrollee is eligible for smoothing. In 2020, PAN supported research conducted by the University of Pennsylvania, highlighting the impact of certain policy solutions on Medicare beneficiaries' medication costs. Research results were clear: as low a Part D cap as possible, combined with smoothing, will have the largest impact on lowering out-of-pocket costs and reducing prescription abandonment at the pharmacy counter.

¹ Medicare Payment Advisory Commission. Report to the Congress Fact Sheet. March 2020. Available at: http://www.medpac.gov/docs/default-source/fact-sheets/march_2020_medpac_fact_sheet_sec.pdf?sfvrsn=0.



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The PAN Foundation appreciates your leadership in seeking solutions to increase access to and affordability of health care for more Americans. For Medicare beneficiaries, lowering out-of-pocket costs of prescription medications is an urgent need, and we hope Congress will pass legislation this year to provide them with the relief they need. If you would like further information or have questions, please contact Amy Niles, Executive Vice President at aniles@panfoundation.org.

Sincerely,

A handwritten signature in black ink that reads "Dan Klein".

Dan Klein, MHS
President and Chief Executive Officer