



April 24, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

On behalf of the Council for Affordable Health Coverage (CAHC), I write in anticipation of your upcoming announcement related to improving prescription drug access and affordability.

CAHC is a broad-based alliance with a singular focus: bringing down the cost of health care for all Americans. We share your support for lowering costs and improving access to affordable drugs through policy solutions that encourage and reward competitive markets. CAHC members are deeply grateful for the important strides already made towards this goal on your watch.

In most businesses, people are rewarded if they do a good job. Not so in federal and state health programs with respect to prescription drugs.

Today, our nation's healthcare system is undergoing a monumental shift as payers move aggressively to reward value and deliver affordable, quality care to consumers. In such value-based systems, payment for a medicine is linked to patient outcomes, rewarding affordability and quality. Sadly, old laws and rules on the books prevent these private sector innovations from flourishing in Medicare and Medicaid. This shortchanges taxpayers and, most importantly, patients.

Your administration can change this flawed status quo by including commonsense reforms to federal rules preventing the use of value-based payment arrangements in federal programs as part of any administration-led drug affordability initiative.

Specifically, CAHC urges you to:

- **Allow team-based care and payment:** Federal law prevents insurers, biopharmaceutical manufacturers, doctors and patients from coordinating care. The Administration should create a safe harbor from the Anti-kickback statute (AKS) to allow these team-based models in Medicare and Medicaid.
- **Use the latest technology to make value-based arrangements more fruitful:** Such a safe harbor should also allow manufacturers and payers to share or donate technology (both hardware and software) that is necessary to monitor, track patient progress and automatically report outcomes to facilitate payment.

- **Support adherence to medications:** The administration should further establish a safe harbor to the AKS that allows biopharmaceutical manufacturers, payers, and others to provide physicians and patients with support programs designed to improve medication adherence. It is true that pills don't work in patients who do not take them.
- **Encourage deep price discounts:** Congress should reform the outdated Medicaid "best price" program that creates a floor on discounts. Under best price, any discount that exceeds a statutory limit triggers rebate liability for manufacturers. Creating an exemption to best price for value-based arrangements would create powerful incentives to lower prices in value based arrangements or even offer money back guarantees for products that don't work for patients.

CAHC estimates that, coupled with other reforms, these VBA measures could save up to *\$71 billion per year* in costs to the healthcare system. This approach is supported by CAHC's members, a cross-industry working group of stakeholders that includes patients, consumers, employers, payers, PBMs, biopharmaceutical manufacturers, and others.

From signing a robust *FDA Reauthorization Act* to presiding over the repeal of the dangerously flawed Independent Payment Advisory Board, your administration has already enacted meaningful healthcare reforms that will enhance the wellbeing of countless Americans. Now, you have a unique opportunity to further improve prescription drug access and affordability by taking these concrete steps to accelerate value-based models in federal health programs. As you do, know that CAHC and our diverse network of members stand ready to amplify your efforts and rally support for these solutions.

Thank you for your leadership and your dedication to modernizing our outdated health system. On behalf of CAHC, we look forward to a continued, productive working relationship with your administration in the pursuit of lower healthcare costs for all Americans.

Sincerely,



Joel White
President
Council for Affordable Health Coverage