Medicare Prescription Drug Price Negotiation Act of 2007
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Abstract

The Medicare Modernization Act of 2003 (MMA) created a drug benefit within Medicare, the Part D benefit. This benefit, welcomed by more than 38 million beneficiaries, covers most of their prescription drug expenses. The MMA legislated that the prescription drug benefit be managed and administered essentially by the private sector. The Secretary of Health and Human Services was prohibited from negotiating the prices of drugs, nor could he set price restrictions or formularies in place.

Based on the argument this prohibition on federal involvement in drug price negotiation is injurious to senior citizens, favors pharmaceutical companies, and that the abolition of this provision will produce lower drug prices for senior citizens, a legislative effort is underway to repeal parts of the prohibition.

The government should seek to regain and retain the power to negotiate with the drug manufacturers. True, such power should not be used hastily or haphazardly. But the very fact that such a blunt weapon exists is likely to forewarn pharmaceutical companies away from excessive profiteering and render the actual exercise of the power unnecessary. If the federal government is to pay most of the bill, why should it not be able to participate in negotiations and ensure that the money is wisely spent? Why should the one who pays the piper not call the tune?