



# FRIDAY ALERT



## Alliance for Retired Americans

815 16th Street, NW, Fourth Floor • Washington, DC 20006 • 202.637.5399

[www.retiredamericans.org](http://www.retiredamericans.org)

Spanish version: [www.alianzadejubilados.org](http://www.alianzadejubilados.org)

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## Report Shows Top 14 Drug Corporations Could Easily Afford Medicare Price Negotiation

On Thursday, Rep. **Carolyn Maloney** (NY), the Chairwoman of the House Committee on Oversight and Reform, held a press conference with Speaker **Nancy Pelosi** (CA) to release a new [report](#) analyzing the finances of 14 of the world's largest drug corporations.



The report found that the corporations have spent \$56 million more on stock buybacks, dividends to investors and other forms of executive compensation than on research and development in recent years. One company, Amgen, spent nearly six times as much on buybacks, dividends, and executive compensation as it did on R&D in 2018. From 2016 to 2020, compensation for the 14 corporations' top executives totaled \$3.2 billion, with annual compensation growing by 14% over that five-year period.

In addition, many drug corporations spent a significant portion of their R&D budget on finding ways to suppress generic and biosimilar competition while continuing to raise prices, rather than on innovative research.

The pharmaceutical industry has targeted the United States for price increases for many years, while cutting prices in the rest of the world. The United States is particularly vulnerable to these pricing tactics because current law prohibits Medicare from negotiating directly with drug corporations to lower prices.

H.R. 3, the Elijah E. Cummings Lower Drug Prices Now Act, would address many of the findings in the report by empowering Medicare to negotiate directly with the corporations, and the Congressional Budget Office estimates that would save taxpayers \$456 billion over ten years.

Even if the pharmaceutical industry collected less revenue due to pricing reforms such as H.R. 3, drug companies could maintain or exceed their current R&D expenditures if they reduced spending on buybacks and dividends.

“The report echoes what retirees know: that Americans pay the highest drug prices in the world, and seniors bear the brunt of this because they need more medicines to stay healthy,” said **Richard Fiesta**, Executive Director of the Alliance. “Industry claims that those prices are justified by spending on research is false. This report is further evidence that it is time to require Medicare to negotiate lower prices, the way that the Veterans Administration does, and rein in drug corporations’ anti-competitive practices. Older Americans, in particular, cannot wait any longer.”

## **Congressional Democrats Eye Multiple Paths to Medicare Improvement**

Congressional Democrats are [seeking to include vision, dental and hearing coverage](#) in Medicare in new legislation rolled out this week. The bill, announced by **Rep. Lloyd Doggett** (TX), would initially add preventive dental, hearing and vision care to Medicare Part B and later expand those benefits further to cover basic impairments.

Seventy-six Democrats have signed on to the Doggett bill so far, and **Bernie Sanders** (VT) and **Majority Leader Charles Schumer** (NY) are championing a similar effort in the Senate. Currently, if Medicare enrollees want such coverage, they are required to choose a private Medicare Advantage (MA) or supplemental policy.

Just 53% of seniors said they have dental coverage in a University of Michigan [poll](#) released in 2020. The seniors with coverage indicated that having dental coverage was a big reason they enrolled in MA instead of the traditional program; 72% said they chose a MA plan at least in part for that reason.

“Medicare has provided quality, affordable health care for millions of seniors,” said Executive Director **Fiesta**. “Congress should allow Medicare to negotiate drug prices and the billions in savings should be used to expand Medicare’s coverage to include dental as well as hearing and vision care for all beneficiaries.”

## **Alliance’s Partnership with SUNY Helps Younger Caretakers**

The Alliance has partnered with the State University of New York (SUNY) and the American Federation of Teachers (AFT) to implement a program that allows students to obtain college credit while still in high school. The collaboration will help students whose college careers could be delayed due to having to provide care for their older relatives and grandparents.

“We need seniors to be financially independent, with the health care they need, so their younger family members do not have to put their own education on hold,” said **Robert Roach, Jr.**, President of the Alliance.

The program could help family members taking care of older adults who have survived COVID but are still experiencing effects from the disease. An estimated 10 to 30% of COVID-19 survivors remain ill months after their infection despite the fact that their initial illnesses were mild, according to [The Boston Globe](#).

## **Ageism Costs the Economy Trillions**

A new [report from AARP](#) found that age discrimination cost the U.S. economy \$850 billion in lost Gross Domestic Product (GDP) in 2018, and that number appears to be increasing over time. The

researchers calculated the loss in productivity due to older Americans not finding work or being promoted due to age discrimination.

There are 117.4 million people in the country aged 50-plus, and many plan to work well past the age of 65. In 2018, the work performed by people over the age of 50 comprised 40% of the GDP.



The \$850 billion loss is projected to worsen over time as the American labor force ages. With a greater proportion of American workers over 50, there is more opportunity for discrimination to cause even greater losses in productivity. All industries are affected by the discrimination, but the researchers found that the technology and automotive manufacturing sectors have the most to lose in the future.

By 2050, the U.S. could miss out on a 15% increase in the 50-plus population's economic contribution because of discrimination. That would mean an estimated annual loss to GDP of close to \$4 trillion.

“It makes no business sense to push skilled workers out simply because they are aging, and the country will pay the price if this widespread practice does not stop,” said Alliance Secretary-Treasurer **Joseph Peters, Jr.** “The House has already [passed](#) H.R. 2062, the Protecting Older Workers Against Discrimination Act. Now we need the Senate to follow suit.”

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The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.4 million retirees and their families.