



August 06, 2009 - Topic: Health Care Reform

## White House Stands Up for Deal on Cost Savings With Rx Drug Industry

On Wednesday, Obama administration officials told drugmakers that they plan to uphold a deal to cap federal spending reductions on pharmaceuticals at \$80 billion and that they will oppose a House Energy and Commerce Committee cost-cutting plan proposed this week, the *New York Times* reports.

In June, the administration -- using Senate Finance Committee Chair Max Baucus (D-Mont.) as a liaison -- reached an agreement with the Pharmaceutical Research and Manufacturers of America under which drugmakers would provide \$80 billion in savings on drug costs for Medicare beneficiaries.

The House health reform bill would require additional rebates from drugmakers and allow the government to negotiate drug prices.

The *Times* reports that upon hearing of the proposal, PhRMA "successfully demanded" that the administration "explicitly acknowledge for the first time" that it had pledged to ensure that no more than \$80 billion in savings generated to pay for reform would come at drugmakers' expense.

Details of the deal had not been disclosed previously.

PhRMA President Billy Tauzin said, "We were assured: 'We need somebody to come in first. If you come in first, you will have a rock-solid deal,'" adding, "Who is ever going to go into a deal with the White House again if they don't keep their word? You are just going to duke it out instead."

White House Deputy Chief of Staff Jim Messina said, "The president encouraged this approach. He wanted to bring all the parties to the table to discuss health insurance reform."

House Progressive Caucus co-Chair Raul Grijalva (D-Ariz.) said that Tauzin's comments are "disturbing." Grijalva added, "We have all been focused on the debate in Congress, but perhaps the deal has already been cut. That would put us in the untenable position of trying to scuttle it." He also said, "It is a pivotal issue not just about health care. Are industry groups going to be the ones at the table who get the first big piece of the pie and we just fight over the crust?" (Kirkpatrick, *New York Times*, 8/6).

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