

Congress of the United States  
Washington, DC 20515

January 8, 2004

David M. Walker  
Comptroller General  
U.S. General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Comptroller General Walker,

We are writing to request a General Accounting Office study that compares the prices currently paid by Medicare for covered drugs to the prices obtained by the Veterans Administration on prescription drug purchases.

An analysis conducted by the Inspector General's Office at the Department of Health and Human Services (HHS) and cited in a July 9 House Budget Committee hearing on *Waste, Fraud, Abuse in Federal Mandatory Programs* found that Medicare payments for 24 leading drugs were higher than prices available to the VA in 2000.

According to the July 9 testimony of the Acting Inspector General of HHS, "Medicare payments were... \$1.9 billion higher than prices available through the Federal Supply Schedule used by VA and other federal purchasers. This excessive payment continues to grow as the amount paid by Medicare grows larger."

We request a study that replicates and expands on this analysis by comparing Medicare reimbursement for the 50 most commonly purchased drugs currently covered by Medicare to the prices paid by the VA.

As you stated before the House Budget Committee on *Waste, Fraud and Abuse in Federal Mandatory Programs* on June 18, "Resources are not unlimited, and when they are diverted for...inefficient, or ineffective purposes, both taxpayers and legitimate program beneficiaries are cheated."

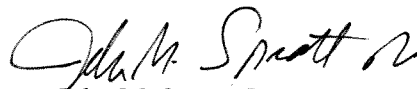
We hope that this study can help determine whether there are inefficiencies in Medicare payments for pharmaceuticals, and if so, inform our efforts to improve the efficiency and effectiveness of the Medicare drug benefit.

Thank you for your attention to this matter.

Sincerely,



Rahm Emanuel  
Member of Congress



John M. Spratt, Jr.  
Ranking Member  
House Budget Committee



Tom Allen  
Member of Congress



Chef Edwards  
Member of Congress



Rosa L. DeLauro  
Member of Congress