

**Congress of the United States**  
**Washington, DC 20515**

August 24, 2006

The Honorable Michael Leavitt  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave., SW  
Washington, DC 20201

Dear Secretary Leavitt:

As the lead Democratic sponsors of the Hospital Price Disclosure Act, we applaud the President's Executive Order of August 22, 2006, requiring your agency to make available to Medicare and Medicaid beneficiaries information regarding the prices paid for medical procedures. However, we are concerned that the Order did not go far enough.

We were disappointed the Order failed to require your agency to make pricing information available to the general public. It is the 46 million Americans without health insurance who most need this information. Not only are uninsured Americans often paying out-of-pocket for their care, they are paying rates far higher than insured Americans because they do not have access to the reduced rates negotiated by insurance companies.

As you know, there is often a great disparity between what different hospitals charge for specific procedures and drugs. When California implemented a price disclosure law, they found that one hospital charged only \$120 for a chest x-ray while a neighboring hospital charged more than \$1,500. With many American families faced with the prospect of bankruptcy as a result of medical illness, the savings they could achieve by comparing prices is meaningful. We urge you to exercise the option President Bush has given you and publish these prices in a manner easily accessible to all Americans.

We were also disappointed that the Executive Order did not require pharmaceutical price transparency. Given the investment the federal government is now making in prescription drugs, it is imperative that we receive the best possible price. Without knowing the actual prices that the Centers for Medicare and Medicaid Services (CMS) is paying for pharmaceuticals in Medicare and Medicaid, it is impossible to compare.

As you know, your agency only requires plans to report rebates "in the aggregate." Therefore, CMS has no knowledge of the drug-specific rebates the plans are receiving. Why is your agency not requiring this information so we can compare the net price CMS is paying for Lipitor in Medicare against the net price state Medicaid programs are paying for Lipitor? Or, compare prices between the Veterans Administration's program and the Medicare program? We urge you to implement price transparency in pharmaceutical pricing.

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We would appreciate hearing your thoughts on these two important issues.

Sincerely,



Richard J. Durbin  
United States Senator



Daniel Lipinski  
United States Representative