



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

September 22, 2022

The Honorable Rosa DeLauro
Chair
Subcommittee on Labor, Health and Human
Services and Education and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chair DeLauro:

I am writing to inform you that the Centers for Medicare & Medicaid Services (CMS) plans to establish a new group within CMS's Center for Medicare to ensure the effective implementation of provisions of the Inflation Reduction Act of 2022 (Public Law 117-169). The reorganization will create the structure necessary to implement: (1) the new Drug Price Negotiation Program under Medicare Part B and Part D to lower prices for certain high-spend single source drugs and (2) the new program to establish Inflation Rebates in Medicare Part B and Part D.

The work required to implement and administer these new programs will be novel and differ significantly from the Medicare functions that CMS performs today. Given the unique nature of this new work, there is not an existing operating component, group, office or division in CMS that performs these actions. Moreover, the scope of these new programs, and the statutory deadlines, requires that a new, dedicated group be established to ensure that CMS is able to implement these programs successfully and on time.

Therefore, in order to implement and operate these new programs, CMS proposes to establish the Medicare Drug Rebate and Negotiations Group within the Center for Medicare. The Medicare Drug Rebate and Negotiations Group would have the following six divisions (see functional statements for each division enclosed with this notification):

- Division of Rebate Agreements & Drug Price Negotiations
- Division of Policy
- Division of Data Assessment and Analytics
- Division of Manufacturer Data and Inflation Rebate Operations
- Division of Manufacturer Compliance and Oversight
- Division of Contract Support

This letter is being sent to the Chairs and Ranking Members of the Senate and House Committees on Appropriations, Subcommittees on Labor, Health and Human Services, Education, and Related Agencies. For your information, I have enclosed the office's proposed organizational chart.

Thank you for your Subcommittee's continued interest in, and support of, the mission and activities of CMS. If you or your staff have any questions, please feel free to contact Clarisse Saunders in the Office of the Assistant Secretary for Financial Resources at (202) 381-7713.

Sincerely,

A handwritten signature in blue ink, appearing to read "Xavier Becerra", with a stylized flourish at the end.

Xavier Becerra

Enclosure