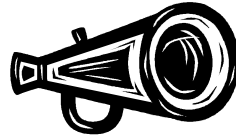




ACTION ALERT!



Medicare Part D

Update

Government Affairs

January 2009

Seniors across the nation have felt the confusion brought by Medicare Part D, created as part of the Medicare Modernization Act of 2003 (MMA). This misguided plan puts drug and insurance companies' profits ahead of seniors. Despite the claims of MMA supporters, the benefit has not reduced prescription drug prices for Medicare beneficiaries or the program. In fact, drug related expenditures actually posed a *larger* burden to seniors in 2006, the first year the benefit was in place, than they had in prior years. That trend continues, with seniors in Part D plans with the largest enrollments today paying 43% more on average in monthly premiums than when the drug program began in 2006. Nearly three million (26%) Medicare Part D beneficiaries across the country will fall into the doughnut hole this year, forcing them to spend \$4,050 for medications from a Medicare-approved source before their prescription drug coverage resumes. Without affordable prescription drugs, many seniors resort to dangerous measures, such as splitting their drugs to avoid the hole and as many as 15% of people with chronic illnesses stop taking their drugs completely while they are in the hole. We need to ease this burden by giving Medicare the right to bargain for lower drug prices.



Talking Points for Alliance Activists

Create a Medicare Drug Benefit

- Older Americans use more prescription drugs than other age group.
- Americans pay the highest prices in the world for prescription drugs.
- 15% of people with chronic illnesses stopped taking drugs during the time they were in the coverage gap.
- The Part D insurance companies and HMOs have made the program too complicated. Every year, Part D plans change what drugs they cover, what restrictions they impose on coverage and what they charge. By contrast, Medicare has a proven record of providing stable coverage of hospital and doctor care for people with Medicare of all income levels.
- Under traditional Medicare, administrative costs are kept to a minimum. Alternatively, Part D programs use private insurers as middlemen, which increases administrative costs and results in higher costs for everyone, wasting billions of taxpayer dollars.
- Prices under Medicare Part D are at least 50% higher than prices for veterans, because the Veterans Administration is allowed to bargain, while Medicare is not.

- These high prices push seniors into the infamous “Part D doughnut hole,” and they push Medicare towards insolvency.
- We need to enact legislation giving Medicare the authority to negotiate prices with pharmaceutical companies like the Veterans Administration and the Defense Department do.
- Without bargaining, *Medicare is overpaying drug companies by 12%* -- that money comes directly out of your pockets and goes into CEOs.
- If Medicare could negotiate directly with drug companies, the savings over the first eight years of the Part D program would be almost \$560 billion, enough to completely eliminate the doughnut hole.



Sample Questions to Ask your Members of Congress

Ask your Member of Congress to:

- (1) Support legislation like the Medicare and Prescription Drug Savings and Choice Act of 2007, S. 2219/ H.R. 3932 that would have:
 - a. Created a prescription drug benefit in the traditional Medicare program that would compete with private prescription drug plans; and
 - b. Authorized the Secretary of HHS to use the government’s bulk purchasing power to negotiate with drug companies on the prices of drugs.
- (2) Support legislation that will stop making Medicare beneficiaries pay their premiums when they are in the doughnut hole, such as the Meeting Our Responsibility to Medicare Beneficiaries Act of 2005, S. 18.