

ALLIANCE FOR RETIRED AMERICANS

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McCain Medicare Plan Targets Seniors, Gives Free Ride to Drug and Insurance Companies

The following statement was issued today by Edward F. Coyle, Executive Director of the Alliance for Retired Americans, in response to a Medicare proposal unveiled today by Senator John McCain (R-AZ).

Senator John McCain's plan to charge many seniors higher prices for their prescription drugs would adversely affect retirees' health, as well as jeopardize the long-term future of Medicare. At a time when more and more Americans are struggling to afford their drug costs, Senator McCain's plan is badly out of touch with the needs of retirees.

The McCain scheme would erode the viability of Medicare, as higher premiums could lead many to opt out of these health plans. Moreover, it would weaken the universal social insurance nature of Medicare, which like Social Security, is critical to the well-being of this fast-growing segment of our population. Today's plan – when paired with the Senator's recent comments in support of a privatized Social Security system tied to the whims of Wall Street – should be of great concern to current and future retirees.

On the day when our taxes are due, Senator McCain ignored the opportunity to cut taxpayer subsidies to large insurance companies – estimated to be \$150 billion over the next ten years – to operate privatized Medicare Advantage plans at a cost between 12 and 19 percent higher than allowing Medicare to directly serve these same people. This siphons away badly-needed money from the Medicare Trust Fund.

While Senator McCain is proposing to charge many seniors more for their prescriptions, he also ignored the opportunity to finally end the pharmaceutical industry's sweetheart deal prohibiting Medicare from negotiating bulk discounts from drug manufacturers. Seniors are savvy consumers, and we understand that you pay less when you buy in bulk.

The level of CEO pay in the pharmaceutical industry is absolutely staggering. Some numbers, based on 2007 data from the Securities and Exchange Commission: Abbott Laboratories, \$31.9 million; Johnson & Johnson, \$29.6 million; Wyeth, \$24.1 million; and Merck, \$19.3 million. [source: <http://sec.gov/answers/proxyhtf.htm>]

Senator McCain's proposal clearly takes better care of some Americans than others.

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The Alliance for Retired Americans is a national organization that advocates for the rights and well being of over 3.5 million retirees and their families.