

Act Now to Lower Prescription Drug Costs!



Two Ways You Can Act:

Prescription drugs are important because they help people prevent illness and live with conditions like asthma, diabetes, and heart disease. But as the costs of medications increase, many people are finding them harder to afford. The good news is that we can take individual and collective action to reduce our drug costs.

Individually we can become better informed consumers who improve their health while managing their budget by using **generic medicines**. Generic drugs are effective, safe, and an affordable alternative to name brand drugs.

Collectively Americans can act to fix Medicare's prescription drug benefit. Seniors and people with disabilities currently struggle with a complicated, confusing prescription drug program administered by health insurance companies under Medicare Part D. With a new president and congress, 2009 has the promise of being a dramatic year of change. The opportunity is **ripe** for a real, comprehensive prescription drug benefit through Medicare.

Read further to learn more about *United Senior Action of Indiana's* efforts to lower prescription drug costs.



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What Is Medicare D?



Anatomy of a Disaster

Medicare Part D is a federal program created with the promise that it would help lower the costs of prescription drugs for Medicare beneficiaries in the United States. It was enacted as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and went into effect on January 1, 2006.

The drug benefit is not part of the 'Original' Medicare program, which includes Part A for hospital care and Part B for physician and outpatient care. The benefit has instead been outsourced to private insurance companies who then receive federal subsidies.

The program is designed in such a way that the participating insurance plans can change the drugs they cover anytime while the consumer is “locked in” for the entire year. Currently, there are 80-120 plans per state with each plan drastically varying in its premiums, deductibles, coverage gaps, lists of drugs they carry, restrictions on drug availability, drug prices, and participating pharmacies. There is also no standard terminology, so sellers can call the plan anything they want. They can also cover whatever drugs they want. Medicare is also banned from using its bargaining clout to negotiate for lower drug prices, adding billions to the drug companies' bottom lines at the expense of the American taxpayer.

How legislation intended to lower prescription drug costs for Medicare recipients became such a sweetheart deal to medical insurance and drug companies is well documented. Former Congressman Billy Tauzin, who steered the bill through the House, retired soon after and took a \$2 million a year job as president of Pharmaceutical Research and Manufacturers of America (PhRMA), the main industry lobbying group. Medicare boss Thomas Scully, who threatened to fire Medicare Chief Actuary Richard Foster if he reported how much the bill would actually cost, was negotiating for a new job as a pharmaceutical lobbyist as the bill was moving through Congress.

With the corrupting influence of the revolving door between lawmakers and lobbyists nowhere more evident than in the crafting and passage of the bill that created Medicare Part D, it is no wonder that it became such a disaster. **It is time we fix Medicare Part D.**

The Medicare D Disaster



4 Steps to Fix Medicare D

1 Mandate Medicare to negotiate for lower prescription drug prices.

Written more to drive excessive profits for private insurers than to benefit the consumer, the legislation that created Medicare Part D prevents Medicare from taking the cost cutting approach that the Veterans Administration has used for many years-- using it's clout to negotiate lower prices. The difference between what veterans pay and Medicare part D enrollees pay is huge. Comparisons for the same drugs in the different programs vary as much as 300%, with a mean difference of 48%. Denied the right to negotiate on behalf of its beneficiaries, seniors and those with disabilities participating in the Medicare Part D program pay higher premiums, co-pays, deductibles, and other costs. Worse yet, most Medicare Part D plans have a huge coverage gap, often called a "donut hole."

2 Medicare should cover safely imported medicines from licensed pharmacies in Canada and the European Union.

Currently Medicare is prohibited from covering safely imported medicines from countries with prescription drug regulatory systems as strong or stronger than what we have in the United States. Substantial savings can be found through safe, regulated importation.



3 Eliminate the donut hole.

Once a Medicare Part D participant's annual drug costs exceed \$2,510 in total, they have to pay 100% of their future drug costs until they qualify for catastrophic coverage. While enrollees are receiving no savings from their plans, they are still required to continue paying their monthly premiums. Only after an enrollee pays \$4,050 out of pocket will their coverage resume. This coverage gap or "donut hole" can be eliminated by the savings created through negotiation and importing safe drugs from countries with prescription drug regulatory systems as strong or stronger than what we have in the United States.

4 Give beneficiaries the choice to obtain prescription drug coverage directly from Medicare.

While Medicare is a program which has worked well for Americans, has contained costs effectively, has very low administrative costs, and enjoys huge public confidence, Part D abandons Medicare, and provides benefits only through a maze of private insurance companies. A real Medicare prescription drug benefit would be simple to understand and simple to sign up for. Virtually everyone who would benefit would be enrolled, just like Part A and Part B. It would also be simple to use-- just take your Medicare card to the drug store.

MEDICARE PART D: THE COST



The cost to the Medicare program and the American taxpayer is huge (estimated to be about \$800 billion over the next ten years), yet the benefit is very poor for most beneficiaries. Enrollees are burdened with as much as \$4,050 in out of pocket expenses (2008) in addition to monthly premiums, before catastrophic coverage kicks in. Furthermore, the benefit deteriorates year-after-year as the deductibles, co-pays, and coverage gap (donut hole) increase at about double the rate of inflation.

A report by the Center For Economic and Policy Research, *The Savings from an Efficient Medicare Prescription Drug Benefit*, found the Medicare Modernization Act (the bill that created Medicare Part D) is significantly more expensive than it needs to be because it was created to increase the role of private insurers, and protect the interests of drug companies, rather than efficiently administer health care. According to the study, potential savings would not only fully finance the drug benefit and thereby eliminate contributions from beneficiaries, it would still leave a surplus of \$40 billion which could be divided between state and federal governments.

The Medicare D Disaster



Time is Ripe for Reform



With a new president and congress, 2009 will be a year of dramatic changes. The time has come to *really* get an affordable prescription drug benefit for seniors and people with disabilities, not a scheme devised to drive outrageous profits for drug companies at taxpayers' expense.

Take the pledge today to join the campaign to get current legislators and candidates seeking office to promise to fix the Medicare part D disaster !

Ways you will be able to participate in the campaign:

- 📌 Urge candidates running for office and current legislators to support bills that would:
 - ❶ Require Medicare to negotiate lower prices from drug companies.
 - ❷ Guarantee our right to safely import medicines from licensed pharmacies in Canada and the European Union.
 - ❸ Use the savings to close the donut hole (coverage gap.)
 - ❹ Give beneficiaries the choice to obtain prescription drug coverage directly from Medicare.
- 📌 Tell EVERYBODY about the problems and solutions available to fix the Medicare D “disaster.”
- 📌 Invite a representative from *United Senior Action* to speak to your group about ways they can act now to lower their prescription drug costs.
- 📌 Write a “Letter to the Editor.”
- 📌 Receive updates from *United Senior Action* on the progress of the campaign and to learn actions you can take.



Win affordable Rx drugs through Medicare! Sign the pledge today.

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Pledge today to join the campaign to get current legislators and candidates seeking office to promise to fix the Medicare part D disaster! We will share your concerns with candidates and legislators and keep you informed about the status of the campaign and future ways you can participate.

First Name	Last Name	Street Address	City, State, ZIP	Email	Phone