



News from U.S. Rep. Tom Allen (D-ME)

Member, Committee on Energy and Commerce
U.S. House of Representatives, Washington, D.C.

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Statement for Press Conference

Medicare Prescription Drug and Modernization Act

by U.S. Representative Tom Allen

Clover Comfort Care Manor

Auburn, Maine

November 3, 2003

Auburn, Maine—U.S. Representative Tom Allen made the following statement at a press conference with U.S. Representative Mike Michaud to air their concerns about the Medicare Prescription Drug and Modernization Act currently under consideration by a House-Senate conference committee. Representative Allen is the author of H.R. 1400, The Prescription Drug Fairness for Seniors Act, legislation to ensure that Medicare beneficiaries are charged no more for their medications than the average price charged for the same drugs sold in Canada, France, Germany, Italy, Japan, and the United Kingdom; and of H.R. 2356, The Prescription Drug Comparative Effectiveness Act, bipartisan legislation to provide doctors and their patients with access to credible, unbiased data upon which they can base their decisions concerning prescription drug purchases.

“I have been working in Congress since 1998 to provide seniors with lower prescription drug prices and an affordable, reliable Medicare prescription drug benefit.

“Listening to Presidential and Congressional rhetoric earlier this year, I thought perhaps our efforts would finally bear fruit.

“But for months the bill has been under negotiation in secret with all House Democrats and all but two Senate Democrats excluded from the discussion.

“And as details leak out about those negotiations, it looks like the fruit is a

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lemon.

“Seniors asked for legislation to create a prescription drug benefit that will make their medicines more affordable through Medicare.”

Republicans answered that a Medicare prescription drug benefit must be contingent upon mechanisms to contain Medicare’s overall costs.

“To seniors, cost containment means reducing prescription drug prices.

“To Senate and House Republicans, cost containment means reducing Medicare costs by increasing premiums and cutting benefits for seniors and requiring Medicare to compete with private plans.

“On October 30th, **Congress Daily** reported that Senate Finance Committee Chairman Charles Grassley said, ‘if Medicare costs rose above a certain point Congress could take a range of actions.’

“Senator Grassley specifically cited ‘increasing premiums, changing the drug benefit or raising payroll taxes.’

“But what about containing the skyrocketing cost of prescription drugs?

“Republicans answered with an explicit prohibition against the federal government negotiating lower prices with prescription drug companies.

“This is a legislative mandate for the most profitable industry in the country to continue charging America’s seniors the highest prices in the world.

“Last Friday, the **Washington Post**, citing a study by Boston University Health Reform Program Director Dr. Alan Sager, reported that under the emerging Republican bill ‘the pharmaceutical industry stands to make a ‘windfall profit’ of at least \$139 billion over eight years.’

“Democrats know that real Medicare cost containment begins with authority for the Secretary of HHS to negotiate lower prescription drug prices for Medicare beneficiaries.

“Republicans must explain to seniors and taxpayers why increasing premiums or cutting benefits is more important than reducing drug prices.

“Seniors asked for the same predictable, uncomplicated and equitable coverage for their prescriptions that Medicare guarantees for their other health care needs.

“Republicans answered with inequality, complexity, uncertainty and hidden costs.

“The emerging Republican plan relies on private insurers to offer coverage. Under private plans, seniors’ premiums, co-pays and choice of drugs may change from year to year and from state to state.

“The current bill also creates enormous gaps in coverage, with no coverage at all for drug costs between \$2,201 and \$5,044, according to the latest Congressional Budget Office (CBO) estimate.

“But the Republican bill’s inequality, uncertainty and higher costs don’t stop with prescription drugs. Republicans continue to press their plan to require traditional Medicare to compete with private insurers beginning in 2010. This will undermine other guaranteed benefits Medicare has reliably provided America’s seniors for nearly 40 years.

“Currently, no matter where they live in America, seniors’ monthly Medicare Part B premiums cost \$58.

“According to the October 27th **New York Times**, the U.S. Department of Health and Human Services estimates that under the Republican bill, by 2013 seniors would pay \$75 a month for a premium in Tucson but \$190 a month in Baltimore. In Florida, premiums could range from \$105 a month in Orlando and Jacksonville to \$165 in Miami.

“HHS makes no estimate of how much Maine seniors would pay under the Republicans’ cost containment scheme. However, Maine has experience with the Medicare+Choice privatization experiment. It demonstrated that, once they find they cannot make enough money, private insurers will pull up

stakes and leave rural states like Maine. Under the prospective Republican plan, Maine seniors could lose the only health insurance coverage they have ever known.

“Worse still, CBO estimates that four million seniors nationwide, including one-third of Maine’s seniors, may lose their existing employee retirement prescription drug coverage, and face skimpier coverage and higher out of pocket costs under the current Republican bill.

“America’s seniors asked to modernize their health care plan, Medicare, by adding prescription drug coverage.

“Republicans answered with The Medicare Prescription Drug and Modernization Act, legislation that might better be titled The Medicare Privatization and Pharmaceutical Industry Support Act.

“Rather than pass a bad bill, Republicans should join Democrats to enact legislation based on three basic principles. First, it should reduce prescription drug prices and provide prescription drug coverage through traditional Medicare. Second, it should provide incentives for employers to maintain existing prescription drug benefits. And third, it should preserve Medicare’s greatest accomplishment: the guarantee of equal, predictable, and affordable health insurance coverage for all American seniors.

“As currently written, the Republican plan won’t work for Maine seniors or millions of other seniors across the country. Congressman Michaud and I have listened to our constituents. They want a chance to lead healthier, more independent lives. They want to avoid unnecessary and costly hospitalizations by following the treatment plans their doctors prescribe. They want the economic security and peace of mind Medicare has provided for nearly four decades. Most of all, they want real financial relief from astronomical prescription drug costs. Those are the priorities we will continue to press as this legislative debate goes forward.”

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