

August 4, 2003

## Medicare Drug Bill Held Up by Dispute on Discount Cards

By ROBERT PEAR

**W**ASHINGTON, Aug. 3 — A proposal to help elderly people get discounts on prescription drugs, a relatively minor part of legislation adding drug benefits to Medicare, has become a major source of disagreement, lawmakers and administration officials say.

For two years, President Bush has said he wants to give immediate help to the elderly by providing them with drug discount cards endorsed by the federal government. But the administration is now complaining about many provisions of bills passed by both houses of Congress to authorize such cards.

Mr. Bush first proposed the discount cards in the Rose Garden of the White House in July 2001. He reiterated the proposal on Wednesday. Until Medicare drug coverage becomes available, Mr. Bush said, "we will provide seniors with a drug discount card that saves them 10 to 25 percent off the cost of all drugs, so they'll start seeing savings immediately."

But in documents the Department of Health and Human Services sent to Congress, the administration objects to major features of the drug discount cards planned by the House and the Senate.

For example, the administration opposed a provision of the Senate bill that guarantees a minimum discount of 20 percent of wholesale prices for drugs bought by low-income Medicare beneficiaries.

Congress should not specify the amount of the discount, the administration said.

Senator Charles E. Grassley, Republican of Iowa, the chairman of the Senate Finance Committee, said that aides to House and Senate negotiators made significant progress toward an agreement on discount cards last week. But one of the negotiators said, "Nothing is finished until everything is finished," and work on many parts of the Medicare bill has not even begun.

Lawmakers said they hoped that an agreement on drug discount cards would generate momentum as negotiators turn to bigger, more contentious issues.

The discount cards are important for political reasons as well. They would provide tangible aid to elderly voters before the 2004 elections.

"Drug discount cards are the president's idea, the first thing people will see as a result of the legislation," said a Congressional aide working on the measure. "The administration really wants these cards to work."

Mr. Bush tried to start the discount card program on his own. But a federal district judge blocked the plan, saying the administration had no authority for it. The bills pending in Congress would provide the authority.

Under the legislation, the federal government would approve and regulate discount cards for Medicare beneficiaries. Cards could be issued by pharmaceutical benefit managers, insurance companies, drugstore chains and other entities.

One of the big unresolved issues is whether such companies, having received a seal of approval from Medicare, could market other products, like hearing aids and vitamins, to cardholders.

The Bush administration is urging Congress to kill a provision of the Senate bill that says drug prices charged to cardholders could not be increased more than once every 60 days.

The restriction would be difficult to enforce, and in any event, "price stability is not a requirement of the drug benefit," the administration said in the documents it sent to Congress.

The administration also objected to a provision of the House bill that requires drug card sponsors to provide counseling and other assistance to people taking multiple drugs for chronic diseases.

Such medication therapy management programs "are expensive and will severely inhibit private sector participation," the administration said. "Deleting this provision is critical to the success of the program."

The administration also said that "pharmacy counseling is an expensive prospect," and "we fear that pharmacies would charge for basic counseling services that they should already provide as part of the dispensing fee."

Members of Congress assume that companies offering drug cards would secure discounts and rebates from drug manufacturers. The Senate bill requires that all discounts and rebates be passed on to Medicare beneficiaries.

The administration objected to this requirement, saying it "could hurt the business case for card sponsors to participate in this program."

The House bill is preferable because it allows card sponsors to "use some of these dollars for administrative costs and profits," the administration told Congress.

Under each bill, a company issuing discount cards would have to consult an independent committee of doctors, pharmacists and other experts before deciding which drugs qualify for discounts.

Consumer advocates, doctors and pharmacists say such committees ensure that decisions will be based on medical evidence, not just cost. But the Bush administration said it saw no need to require such committees.

Since the card program is likely to be temporary, it said, "requirements should be kept to a minimum."

The House bill says the government shall begin the drug card program within 90 days after the Medicare bill is signed into law. But the administration said that deadline was not feasible. It asked Congress to allow six months instead.