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Senate Begins Debate on Rival Medicare Prescription Plans

By ROBERT PEAR

WASHINGTON, July 15 — The Senate began a boisterous election-year debate on prescription drugs today as Democrats and Republicans unveiled competing proposals to add drug benefits to Medicare and to rein in pharmaceutical costs.

Senator Judd Gregg, Republican of New Hampshire, objected tonight when Democrats asked for unanimous consent to take up a bill expanding access to low-cost generic versions of brand-name drugs. The objection forced Democrats to make a formal motion to proceed, ensuring that no swift action would occur.

Mr. Gregg said Republicans had concerns about details of the bill, which was approved last week by a 16-to-5 vote in a Senate committee.

Senator Tim Hutchinson, Republican of Arkansas, who voted for the bill in the committee, insisted tonight, "We are not obstructing the progress of this legislation." But Senator Edward M. Kennedy, Democrat of Massachusetts, said the effect was to delay work on the bill.

Senators said the dispute foreshadowed a bitter partisan struggle over prescription drug legislation. The generic-drug bill will be the vehicle for a wide-ranging Senate debate, which is sure to address proposals for Medicare to cover prescriptions.

The issue is important for 40 million Medicare beneficiaries and for politicians of both parties, who have promised some relief from the high cost of medicines.

Senator Tom Daschle of South Dakota, the Democratic leader, said he had scheduled up to two weeks for the debate, in which Democrats hope to score many political points, regardless of what might emerge.

Republicans said they relished the opportunity to contrast their Medicare proposal with the Democrats'. They said their proposal would cost the government less yet offer more choices to beneficiaries.

Democrats said the fight over prescription drugs was the most important Congressional debate on health policy since 1994, when President Bill

Clinton's plan for universal medical insurance died on the Senate floor.

"Deciphering the code of life will have profound implications for preventing and curing disease," said Mr. Kennedy, a leading spokesman for the Democrats. "Treatments can be tailored to an individual's genetic signature. But the soaring cost of prescription drugs threatens to price these miracle cures out of the reach of ordinary Americans."

Senator Charles E. Grassley, Republican of Iowa, said the Democratic proposal for Medicare drug benefits "breaks the Medicare bank and is not even permanent" because it would lapse after 2010 unless Congress renewed it.

Republicans complained that Mr. Daschle was bypassing the Finance Committee, which has jurisdiction over Medicare. "This seriously jeopardizes the likelihood of passage of a bill this year," said Senator Don Nickles of Oklahoma, the assistant Republican leader. Democrats pointed out that the committee had been unable to agree on a bill to establish Medicare drug benefits.

The Senate debate will showcase philosophical differences between the parties. Senate Democrats want to authorize coverage of outpatient prescription drugs as an integral part of Medicare, like doctors' services and hospital care.

By contrast, many Senate Republicans and one Democratic senator, John B. Breaux of Louisiana, support a bill similar to one passed by the House on June 28. Under that bill's approach, Medicare would pay subsidies to private insurance companies to offer prescription coverage.

Neither Senate bill has the 60 votes to overcome points of order based on the ground that they cost more than the amount allocated in a budget blueprint adopted by Congress: \$300 billion over 10 years. The Democratic bill would cost \$500 billion from 2004 to 2010. The bill favored by many Republicans would cost \$370 billion from 2005 to 2012.

Medicare generally does not cover drug costs outside a hospital, and a third of beneficiaries have no insurance to help cover such costs.

The first few days of the Senate debate will focus on proposals, like the generic drug bill, to address pharmaceutical costs generally, not just for the elderly.

One proposal would make it easier to import prescription medicines from Canada, where the government regulates prices.

A second proposal would limit the tax deductions that drug companies take for advertising and marketing costs. A third proposal would make clear that states can use their Medicaid programs to negotiate drug discounts for people not otherwise eligible for Medicaid.

The main Democratic bill was written by Senators Kennedy, Bob Graham of Florida and Zell Miller of Georgia. Many Republicans support the alternative introduced today by Mr. Grassley. Co-sponsors of this bill include Mr. Breaux, Senator James M. Jeffords, independent of Vermont, and three Republican senators, Orrin G. Hatch of Utah and Olympia J. Snowe and Susan Collins of Maine.

Under the Democratic bill, the beneficiary would pay a premium of \$25 a month, plus a \$10 co-payment for each generic drug, \$40 for a drug on a list of preferred brand-name medicines and \$60 for a nonpreferred brand-name drug. There would be no deductible. No beneficiary would have to pay more than \$4,000 a year for prescription drugs.

By contrast, under the "standard coverage" defined in Mr. Grassley's bill, beneficiaries would have to pay premiums of \$24 a month and an annual deductible of \$250. Medicare would pay 50 percent of drug costs from \$251 to \$3,450 a year. Beneficiaries would then be responsible for all drug costs until they had spent \$3,700 of their own money. They would pay up to 10 percent of drug expenses beyond that, with Medicare covering the rest.

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