

# Bush Has Pharmacy Discount Card Plan

Prescription Drug Benefit Is Part of Medicare Revamp

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The White House is devising a plan that will offer pharmacy discount cards to all older Americans by the beginning of next year in a new strategy intended to provide the elderly quick help on prescription drug costs.

President Bush is to announce the pharmacy discounts tomorrow as he also lays out a set of principles that the administration hopes will guide Congress in revamping Medicare, the nation's health insurance program for the elderly. The principles will include adding a separate, subsidized prescription drug benefit.

According to sources familiar with the pharmacy discount plan, the administration is designing a national version of an approach, adopted recently by some private insurers, that relies on companies that manage drug benefits to buy prescription drugs in bulk. The companies would sell cards to Medicare patients, who could use them at any pharmacy to purchase their medicine at a reduced rate.

The sources said the White House believes the program would not require congressional approval and could be implemented by the Department of Health and Human Services within several months.

By announcing the drug discounts, the administration is striving to simultaneously bolster the affordability of medicine for patients who need it most and to address a health care issue of acute public concern that played a prominent role in last year's campaign.

The discount cards represent the second idea for curbing drug expenses of the elderly that the administration has come up with during the six months Bush has been in office. The first idea, based on a Bush campaign proposal known as Immediate Helping Hand, would have created a temporary block grant to help states subsidize drug costs for their poor, elderly residents. It was rejected swiftly on Capitol Hill.

With the new plan, the administration can position itself as taking the lead on prescription drugs -- the most popular aspect of Medicare reform -- regardless of whether Congress acts on the issue.

The idea relies on the market-based approach the administration favors, and would fall short of the subsidized prescription drug benefit for all Medicare recipients favored by most Democrats. Sources said that the government would not dictate the size of the discount elderly patients could receive. They also said the plan would not require federal money.

In its private-sector orientation, the discount plan dovetails with the principles that Bush is preparing to set forth for a more fundamental restructuring of the 1960s-era Medicare system that is one of the nation's largest and most popular entitlement programs.

The president is scheduled to outline more than half a dozen principles publicly tomorrow morning, after he briefs a group of senators and House members.

The principles include creating more options for people in Medicare, probably by increasing reliance on private insurers to cover patients who are 65 and older. The president will say Medicare should do a better job covering preventive health care. And responding to complaints from doctors, insurers and hospitals, the president will recommend easing some of the program's regulatory requirements.

Bush also will say he wants the program to begin including voluntary prescription drug coverage, apart from the discount cards. He has not said lately what that coverage should include, but during last year's campaign, he

proposed that the government pay the entire monthly premiums for elderly Americans with relatively low incomes and at least one-fourth of the premiums for other Medicare patients. He also proposed that Medicare pick up coverage for a small number of older people whose drug expenditures exceed \$6,000 a year.

The strategy of outlining principles resembles one the administration used in efforts to create federal protections for Americans in managed care, when Bush last winter defined a set of broad objectives but did not craft his own detailed proposal. Instead, the president has latched onto a bill that failed in the Senate and one that is pending in the House that he has said meets his goals.

The president is stepping more firmly into the Medicare debate as Congress prepares a new round of deliberations on how to modernize the system and prevent it from running out of money once the large baby boom generation retires. Efforts at such changes have suffered in recent years because of partisan disputes.

This time, Senate Finance Committee Chairman Max Baucus (D-Mont.) has said he wants the panel to act on a Medicare proposal by the end of this month, but aides are struggling to weave together two rival bills -- one sponsored by Sen. Bob Graham (D-Fla.) and the other by Sens. John Breaux (D-La.) and Bill Frist (R-Tenn.). Their proposals differ in how generous prescription drug coverage would be, how much money would be required and how far the Medicare program should be tilted into the hands of private insurers.

Senate staffers familiar with Medicare said it is unclear whether the differences can be resolved in time for the committee to act before Congress's August recess.

As the Medicare issue intensifies, Health and Human Services Secretary Tommy G. Thompson yesterday blocked a different attempt to cope with drug costs, approved by Congress last year. It would have enabled American consumers to buy drugs that were manufactured in the United States, sold to countries in which drug prices are controlled, then imported back into this country. Reaffirming a decision reached late last year by then-HHS Secretary Donna E. Shalala, Thompson told Congress that, under such an arrangement, the safety of the drug supply could not be guaranteed.

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