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**Politics & Policy**

## Democrats Clear Budget Hurdle On Medicare Drug-Benefit Bill

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WASHINGTON -- Democratic lawmakers grew confident they can pass a huge prescription-drug benefit for Medicare beneficiaries after new estimates showed the plan can squeeze into the federal budget.

The Congressional Budget Office estimated a bill introduced by Senate Democrats would cost \$318 billion over 10 years, close to the \$300 billion limit allocated in the budget resolution. Many Democrats, worried the estimate would top \$400 billion, had been prepared to declare victory if it came in at about \$370 billion.

Congress is "now going to be able to consider a very substantial prescription drug benefit," said Sen. Bob Graham (D., Fla.), the bill's main sponsor. "We're within striking distance."

Sen. Graham expects the Senate Finance Committee to start crafting a drug benefit soon. Committee Chairman Max Baucus (D., Mont.) said that "to wait any longer would be an injustice to an issue critical to the country's common interests."

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### Price Spike

New estimates show that the 10-year cost of providing a drug benefit to Medicare patients is up from last year. Estimates in billions of dollars

	Estimates		% Difference
	Last year	New	
<b>Clinton's proposal</b>	\$338	\$425	26%
<b>Senate Democrats</b>	244	318	31
<b>Breaux-Frist II*</b>	150	176	18
<b>House bill from last year</b>	140	157	12

\*Scaled down drugs-only version of full Medicare reform

Source: Congressional Budget Office

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One provision of the Democrats' bill that could draw heat from the left would establish a version of means testing, creating a sliding scale for premiums and co-payments so wealthier seniors pay more out of their own pockets. Low-income seniors wouldn't have to pay any premiums or co-payments, while middle-income seniors would pay 50%. High-income seniors -- individuals with incomes higher than \$75,000, and couples with incomes above \$100,000 -- would pay 75% of costs. All seniors would get full catastrophic coverage once they

spend \$4,000 a year.

Meantime, conservative Democrats and most Republicans likely will balk because the plan doesn't give the private sector the greater role sought by President Bush and other advocates of revamping Medicare. "The estimates affirm that competition and private sector tools are keys to ensuring that older Americans get the most bang for their buck," Sen. Charles Grassley (R., Iowa) said in a statement.

Sen. Graham has argued Medicare can't be overhauled until it has a drug benefit, a crucial component to such reform goals as putting more emphasis on preventative care. Sen. John Breaux (D., La.), has argued the opposite, saying it is foolish to add a costly component to a tired program. Mr. Breaux has co-sponsored a drug benefit with Sen. Bill Frist (R., Tenn.) that is a scaled-down version of full-scale Medicare reform; the CBO estimated that plan would cost \$176 billion over 10 years. Sens. Breaux and Frist have said their approach would keep costs lower, although Sen. Graham said the plan's benefits are less generous than others.

While the costs of all of the proposals have risen since last year, more than half of the increases are due to growth in projections in per-capita prescription-drug spending. The CBO report said the rest of the increases are

Still, the estimates are lower than expected, which could provide momentum for lawmakers who are under intense pressure from consumers to create a drug benefit as health-care costs rise. "We are encouraged," said Jeff Trewhitt, a spokesman for drug-industry group Pharmaceutical Research and Manufacturers of America, which backs the Breaux-Frist proposal. "The bill is not going to be as high."

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