



# Medicare Rights Center

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January 14, 2009

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Dear Representatives Berry and Schakowsky and Senator Durbin:

**Edith Everett**

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On behalf of the Medicare Rights Center, a nonpartisan consumer service organization for people with Medicare, I would like to offer our enthusiastic support for the Medicare Prescription Drug Savings and Choice Act of 2009, which would add a prescription drug coverage option under the Original Medicare program.

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The implementation of Part D drug coverage marked the first time in Medicare's forty-year history that a Medicare benefit was provided entirely through private companies, without an option administered directly through Original Medicare. This radically different structure has had a profound impact on people with Medicare, creating:

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- **Higher Costs** - The delivery of the benefit through multiple plans fragments the negotiating leverage that would be available under a drug benefit run by Original Medicare. If Medicare could negotiate on behalf of the 45 million people with Medicare, it could obtain lower prescription drug prices from manufacturers. The negotiations between private plans and drug manufacturers have failed to translate into lower prices for people with Medicare at the pharmacy counter. The private delivery mechanism also results in higher administrative costs, which are passed on to consumers as higher premiums.

**Herman Rosen, MD**

Clinical Professor of Medicine  
Weill Cornell Medical College

- **Gaps in Coverage** - The statutory guarantee that access will be provided to all medically necessary drugs is undermined by the privatized structure of the benefit. Subject to statutory and regulatory parameters, Part D plans have wide discretion to decide which drugs they will cover, what restrictions they will place on coverage and how much cost-sharing they will impose on different drugs. As a result, there is wide variation in the formularies used by Part D plans and substantial failures to cover medically necessary drugs. This variation hinders physician compliance with formularies, interrupts continuity of care in the transition between different treatment settings and necessitates reliance on an inefficient appeals system. The result is coverage denials and gaps in coverage that impair access to medically necessary drugs.

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- **Instability** - The structure of Medicare Part D has resulted in sharp premium increases from year to year. In addition, the premium assistance provided for people with low incomes is subject to instability, forcing millions of vulnerable people with Medicare to switch plans every year. Formulary coverage, cost-sharing structures and supplemental benefits are also made unstable by the market pressures on competing plans.
- **Consumer Confusion and Marketing Fraud** - The multiplicity of plans and the wide variability in their formularies and cost-sharing structures generate confusion among consumers, especially among frail older adults and individuals with cognitive impairment and mental illness. The confusion renders people with Medicare vulnerable to coercive and deceptive marketing by private plans.

Adding a prescription drug benefit within the Original Medicare program would address many of these systemic problems.

Providing older adults and people with disabilities the option to obtain prescription drug coverage directly through the Original Medicare program, without the insurance middleman, will provide a refuge from the rising costs, instability and gaps in the Part D plan marketplace. It will reduce out-of-pocket spending for consumers through greater administrative efficiencies and maximized negotiating leverage with drug manufacturers.

Modern medicine relies heavily on prescription drugs to manage many chronic conditions and debilitating illnesses. Proper treatment with prescription medicines can help people avoid far more costly medical care such as hospitalization. But people have to be able to afford and access the drugs their doctors prescribe.

A Medicare-run drug benefit would make the clinical effectiveness of prescription drugs the single most important determinant of formulary coverage. Original Medicare does not have to maximize profit, and is also covering the costs of the individual's other medical care, which may be lowered if effective drug regimens are employed.

Just as the cost to taxpayers of hospital and medical care through the Original Medicare program is cheaper than through Medicare private health plans (Medicare Advantage), a prescription drug benefit under Original Medicare can lower the cost of drug coverage. People with Medicare will be able to turn to the Original Medicare option for drug coverage to find a stable, nationally uniform premium and reliable formulary from year to year.

People with Medicare should have the option to use their red, white and blue Medicare card in any pharmacy in the country. Providing a drug benefit under Original Medicare would create real choice in prescription coverage for older Americans and Americans with disabilities. We look forward to working with you to make this important improvement to the Medicare prescription drug benefit a reality.

Respectfully,

Paul Precht  
Director of Policy and Communications  
Medicare Rights Center