

VIEWPOINT

National Committee To Preserve Social Security and Medicare
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PRESCRIPTION DRUG COVERAGE

BACKGROUND

Just as medicine in 1965 relied on invasive inpatient procedures, medicine in the 21st century relies increasingly on prescription drugs. Today, three- fourths of Medicare beneficiaries have some chronic health problems, most of which require ongoing treatment with prescription drugs. Breakthroughs in Alzheimer's, Parkinson's, diabetes, cardiovascular disease and other chronic health conditions mean that seniors increasingly need prescription drugs to maintain their health. Although Medicare does provide coverage for inpatient pharmaceuticals, Medicare fee-for-service currently provides no coverage for outpatient drugs. Coverage in managed care plans varies and is not guaranteed.

Indeed, when prescription coverage is provided in any plan for seniors, it can carry substantial limits, copayments or deductibles. Current trends show employers dropping retiree health coverage, while many Medicare HMOs and Medigap policies also have dropped or sharply scaled back outpatient drug coverage in the past two years. Approximately 30 percent of seniors currently have no outpatient prescription drug coverage, and those with coverage are at risk of losing it. Meanwhile, Medicare beneficiaries without insurance pay substantially more for outpatient prescription drugs than do individuals with coverage. Drug manufacturers give large discounts to major purchasers including managed care companies, and to federal government purchasers such as Medicare and the Veterans Administration. Seniors who buy their own prescription drugs pay, on average, twice as much for the same prescriptions as do the drug manufacturers' most- favored customers.

The high price of outpatient medications is a heavy burden for the majority of seniors, who live on low, fixed incomes. Thirty percent of seniors have annual incomes below \$10,000. Just about 75 percent of seniors have annual incomes below \$25,000. The high cost of prescription drugs may cause seniors to do without much- needed medicines, putting their health in serious jeopardy. Many older Americans are forced to choose between buying food and buying medications.

NATIONAL COMMITTEE POSITION

The absence of prescription drugs as part of today's basic Medicare benefit package puts the health of many seniors at risk. The National Committee strongly supports efforts to establish outpatient prescription drug coverage as a basic Medicare benefit. The National Committee has endorsed a set of principles that any prescription drug plan must meet. The plan must be universal,

voluntary, not means tested, administered by the federal government,
affordable, part of a defined benefit package and comprehensive in coverage.

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