

New Drug Benefit Questioned

Democrats' Report Cites Lower Prices From VA and in Canada

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Wednesday, November 23, 2005*

The new Medicare drug benefit fails to deliver drug prices as low as those found at the Department of Veterans Affairs, in Canada and at high-volume U.S. pharmacies, a congressional report said yesterday. It was challenged by a Medicare official as flawed and misleading.

The report, released yesterday by the Democratic staff of the House Government Reform Committee, found that the average prices of 10 popular drugs being offered to Medicare recipients through 10 well-known insurance plans were 80 percent higher than prices negotiated for the government by Veterans Affairs. The Medicare prices were 60 percent higher than average prices paid by Canadian consumers, the report found. And they were about 3 percent higher than those paid by consumers who got their drugs at Costco stores or online through Drugstore.com.

"The prices offered by the Medicare drug plans are higher than all four benchmarks, in some cases significantly so," the report concluded. "This increases costs to seniors and federal taxpayers and makes it doubtful that the complicated design of Medicare Part D provides any tangible benefit to anyone but drug manufacturers and insurers."

Gary Karr, a spokesman for the Centers for Medicare and Medicaid Services, said the report was disappointing but not surprising. "It's disappointing because it's selective and misleading, and because of the timing," Karr said.

As Medicare officials try to help seniors understand and enroll in the new benefit, Karr charged, the report shows that Democrats are more interested in rehashing a political argument that raged before Congress approved federally subsidized coverage for seniors in 2003. "Now the effort should really be about educating people and not continuing the same old rhetoric that they have been saying for two years," Karr said. "This is not a new expression of the policy views of the minority staff of the Government Reform Committee."

During the congressional debate two years ago, many Democrats argued that the way to obtain the lowest prices for seniors would be to allow Medicare to negotiate discounts directly with pharmaceutical companies. Republicans maintained that the lowest drug prices would come through competition as scores of private insurers vied to attract seniors. The law establishing the benefit forbids the government from negotiating drug prices.

The Democrats' report, requested by Rep. Henry A. Waxman (Calif.), the committee's ranking Democrat, contends that Republicans were wrong, and that prices are not as low as they could be even though consumers typically have at least 40 plans to choose from.

For example, the 10 drug plans examined offer the heartburn medication Prevacid for an average monthly cost of \$135 -- far higher than the \$71 price negotiated by Veterans Affairs and more than the \$63 a Canadian consumer would pay. The same medication is available at Costco for \$128 and at Drugstore.com for \$125, the report found. Some other well-known drugs studied included Celebrex, Lipitor, Plavix and Zocor.

Karr said the report did not consider the availability of less expensive generic drugs, which are prescribed more than half the time. Karen Lightfoot, Waxman's spokeswoman, said the 10 drugs studied do not have generic equivalents.

Karr said the report also failed to examine whether Medicare drug plans other than those studied offer lower prices on the brand-name drugs cited in the report.

"What they've done is selectively picked a few drugs, not acknowledging that there may be a less expensive alternative within those plans," Karr said. ". . . They didn't say in their report that they had found the plans that had negotiated the best deals. . . . The question really is whether this is indeed a true and accurate reflection of the plan choices that somebody would have if they pumped these drugs into the Medicare plan finder."

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