Stop Rx Greed: Cut Drug Prices Now

AARP Advocacy Campaign Briefing
President Johnson was able to push through Medicare and Medicaid as “memorials” to President Kennedy, to cover the elderly and the poor, and to President Truman, who was still alive.
To: Secretary HEW

“Review the report of the Task Force on Prescription Drugs and make recommendations relating to the inclusion of prescription drugs in Medicare and on ways to reduce the costs of drugs.”

Joseph A. Califano, Jr.
Special Assistant to the President
August 21, 1967
HEALTH CARE REFORM
The Clinton Plan

Employer Contribution  Employee Contribution  Government Subsidies

Regional Health Alliance

HMOs  Insurance Companies  Doctor/Hospital Networks  Other Plans
The Administration's Health Security Act
*Bush
*Gore
*Nader
* Hanging Chads
*And Medicare Rx

THE 2000 ELECTION
I'm going to Canada for the cheap drugs.

Then
Now
The Standard Benefit Design

- 75% coverage on the first $250 of Total Rx Spending
- 95% coverage on the next $2250 of Rx Spending
- $3600 out-of-pocket Rx Spending

$35 monthly premium ($420 per year)

Referred to as the DONUT HOLE
HEALTH | What you need to know about medicare’s new drug program. By Kimberly Lankford

A PART D PRIMER

Mystified by medicare Part D? The doctor is in. “With many groups I speak to, the issue is the complexity of the program,” says Leonard Kirschner of Litchfield Park, Ariz. Kirschner, a retired physician, is one of hundreds of volunteers that AARP has trained to teach people about the new benefit. “When you have a voluntary program with a lot of choices, people can get confused,” says Kirschner.

Although medicare Part D is being offered by private insurers, all the plans have been approved by the Centers for medicare and Medicaid Services. Participation is voluntary. If you want your coverage to start when the plan takes effect on January 1, 2006, you should sign up by late December. Don’t wait too long. If you enroll after May 15, 2005, you may face a penalty of 1% of the average national premium for every month you delay—that is, unless you’re already covered by a plan that is considered at least as good as medicare’s (the folks call it “creditable coverage”).

The standard plan. After you meet a $250 deductible, the standard medicare Part D plan covers 75% of the next $2,000 in drug costs. Your average premium is expected to run $32.20 per month, although some plans say they will charge less than $20. Some insurers will fill the doughnut hole in return for a higher premium. Whether you should sign up depends on your current coverage.

If you have employee or retiree coverage, you should receive a notice from your employer explaining how your coverage might change next year and how it compares with medicare’s plan. This notice is the official “creditable coverage” determination.

If your current coverage is deemed better than Part D, decline it. You won’t be penalized if you do. If your employer lowers your benefits in the future and you decide to switch to medicare’s plan, Kirschner, for instance, probably won’t sign up for Part D now because, as a retired Air Force officer, he has good prescription-drug coverage through Tricare for Life.

If you don’t have prescription coverage or if your employee coverage isn’t as good as medicare’s, sign up now to avoid the penalty. You can start with a basic policy and switch to more robust coverage later on. (You’ll generally be able to switch once a year.) Kirschner says that if he didn’t have Tricare, he’d take advantage of the medicare program even though he currently pays little for prescriptions. “Think of it as an insurance program,” he says. “Don’t just focus on what you are spending now.”

If you have medigap drug coverage—offered by medicare-supplement policies H, I and J—switch now. Because the new plans are subsidized by the government, you should get more for less. Also, medigap drug plans aren’t considered “creditable coverage,” so you’ll pay the penalty if you change your mind.

You can buy a Part D policy and keep your current medigap plan minus the drug portion or switch to another medigap policy. Or you can join a medicare HMO that offers prescription-drug coverage.
Medicare Rx
How to Avoid Rising Costs Now
PAGE 12

Need a Job?
Who’s Hiring 50+ Workers
PAGE 18

She Survived Cancer—
But Couldn’t Serve Her Country

Tough Times, Tough Choice

Fix Health Care
Revive Economy
Manage Two Wars
Everything Else
PAGE 22
Tuesday, March 23, 2010

Obama Signing “Patient Protection and Affordable Health Care for America Act,”
March 23, 2010

H.R. 3590 — the Patient Protection and Affordable Care Act

3/25, Reconciliation: H.R. 4872 — the Health Care and Education Affordability

Bush Signing Medicare Modernization Act, December 8, 2003

LBJ Signing Original Medicare Act, July 30, 1965
"This is a really big [bleeping] deal!"
Where No Legislation Has Gone Before
Modern Healthcare

The Only Healthcare Business News Weekly | November 14, 2016 | $5.50

Obamacare

Trumped
Lower Premiums, Better Healthcare

Donald Trump, 45th President of the United States of America
“No one knew health care was complicated.”
THE FIGHT TO LOWER PRESCRIPTION DRUG PRICES

YES, MEDICINE CAN BE MADE MORE AFFORDABLE. HERE'S HOW THE BATTLE IS BEING FOUGHT—AND HOW IT CAN BE WON
Navigating Medicare

Whether you are enrolling for the first time or contemplating changing your coverage, follow the paths below to help you make the best choices.

1. **Start Here:**
   - Are you currently covered through a military program such as TRICARE or the VA?

   **YES**
   1. Sign up for Medicare.
   2. Social Security will automatically send you an invitation to enroll if you are eligible.
   3. Do you expect to receive retiree health coverage?

   **NO**
   1. Are you already receiving Social Security?

   **YES**
   1. Do you have health insurance with your spouse's or current employer?

   **NO**
   1. Do you have health insurance with your prior employer?

   **YES**
   1. Which of these best describes the employer:

   **NO**
   1. Which of these best describes the employer:

   **A large company (over 50 employees) that provides group health insurance.**
   1. **A small company (under 50 employees).**

   **Even if you're over 65, you don't need to enroll in Medicare until your employer offers you onan enrollment.** Talk to your employer about the time limit to learn coverage specifics.

2. **Picking the Right Coverage**

   **CONTINUE HERE**

   - Consider Original Medicare (Parts A and B).

     - **How many check marks?**

       **3 OR MORE**
       - CONSIDER MEDICARE ADVANTAGE (Part C)
       - CONSIDER SUPPLEMENTAL INSURANCE

     **3 OR FEWER**
     - CONSIDER ORIGINAL MEDICARE (Parts A and B)
     - CONSIDER SURPLUS INSURANCE

   **WARNING**
   - Medicare does not cover everything.
   -Might have deductibles, copayments, and coinsurance.
   - Check with your doctor.

   - Consider supplement insurance.

   - Check the plan details.

   - Check with your doctor.

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**Call UnitedHealthcare today.**

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Drug prices are going up.

Average Annual Cost of Brand Name Drug:

In 2006: $1,868
In 2017: $6,798

Average annual cost in 2017 if price increases were limited to inflation:

$2,178
Drug prices are going up while seniors struggle to afford Medicare.

- Average Medicare Part D enrollee takes 4.5 meds/month
- Over two-thirds of seniors have two or more concurrent chronic illnesses
- Median income for a Medicare beneficiary is $26,000/yr.
<table>
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<th>Year</th>
<th>Brand Name Rx</th>
<th>Inflation Rate</th>
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</tr>
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</tr>
<tr>
<td>2017</td>
<td>5.3</td>
<td>2.1</td>
</tr>
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**Annual Retail Prices**

- **Lantus**
  - $4,703/yr.
  - $1,792/yr.

- **Xarelto**
  - $4,688/yr.
  - $2,769/yr.

- **Advair**
  - $4,370/yr.
  - $2,239/yr.
Wondering **why** our prescription drugs cost so much?

**Rx ISSUE BACKGROUND**

- Drug companies set their own prices
- Drug companies hold the patent rights
- Money spent on marketing and advertising
- Medicare blocked from negotiating prices
House & Senate emphasize drug pricing as top issue to address – holding hearings on drug pricing

Governors and State Legislatures willing to take on issues at increasing rates

President Trump spoken out against high costs

Campaign issues for 2020 Presidential race
What are some solutions?

1. Lowering prices through Medicare negotiation
2. Improving access to lower cost generic drugs through competition
3. Capping out of pocket costs on prescription drugs for Medicare enrollees
State importation from other countries.

1. Bulk purchasing of Rx

2. Price gouging laws with State Attorney General authority.

3. Transparency behind dramatic price increases in Rx costs.

4. Setting caps on out of pocket costs
We understand **no one solution** will make prescription drugs more affordable.

Therefore, the broadest possible advocacy effort is necessary.
CAMPAIGN TARGETS—ELECTED OFFICIALS

- President of the United States
- Congress
- Governors
- State Legislatures
Proposal on the Table in Washington: Require Drug Companies to Give Rebates or Discounts to Medicare

- Currently, drug manufacturers are required to give rebates or discounts to the Medicaid program but not to Medicare part D.

- Proposal requires manufacturers to provide Medicare Part D with the same rebates or discounts as those Medicaid receives for drugs purchased by certain low-income Part D enrollees.
Currently, drug manufacturers have 12 years before generic versions of their biologics can enter the market.

Proposal would reduce waiting period to 7 years.
Currently, Brand-name pharmaceutical companies can pay a generic competitor for keeping it’s product off the market for a period of time.

Proposals would prohibit these “pay-for-delay” agreements.
“The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped.”

HUBERT HUMPHREY
1 NOVEMBER 1977
It’s Complicated

Answers

TBD
I figure that if I cut out meals this week, I'll be able to afford this prescription...

Take with food.

Damn...
Questions?