

Statement by Rep. Henry A. Waxman on the Introduction  
of the Medicare Rx Drug Benefit Legislation  
March 4, 2003

I am pleased today to introduce, along with Congressmen Rangel and Dingell, and Minority Leader Pelosi, and many other Democratic colleagues in the House, legislation to provide a meaningful, comprehensive prescription drug benefit in Medicare.

Enactment of this legislation would ensure the basic reform Medicare needs: to adjust its benefit package to include coverage of prescription drugs, available for all Medicare beneficiaries.

The drug benefit would be certain, it would be affordable, and it would be an integral part of the Medicare program, covered like any other Medicare benefit. It would be available to beneficiaries in all parts of the country. It would be available for beneficiaries in traditional Medicare, as well as for Medicare beneficiaries who chose to enroll in managed care plans. The premium would be established and the same in all parts of the country. And the basic benefit would be defined, not subject to the decisions of private insurance plans.

This legislation would preserve the choices in Medicare which beneficiaries want and depend on. Beneficiaries can continue to select their doctor; they can continue to go to their pharmacy. They will not be forced to lose those choices in order to have a meaningful drug benefit. This is a very basic difference between our approach and the Bush Plan.

This legislation makes full use of the bargaining power of 40 million Medicare beneficiaries, and also enjoys the additional efficiencies that can be negotiated by Pharmacy Contractors. These powerful bargaining tools will remove the well-documented price discrimination that has plagued Medicare beneficiaries without drug coverage. The prices will be better, and the coverage will be similar to payment for any other medical benefit. Further, it would strengthen the ability of competitive price drugs to get on the market sooner by revising provisions of the current law which have been abused by pharmaceutical companies.

The legislation introduced today follows coverage for other Medicare benefits: 80% of the cost of the benefit will be paid by the program; 20% in coinsurance by the individual. The premium is set at an affordable \$25 a month, indexed in future years. The deductible is the standard \$100. A meaningful cap on out-of-pocket expenditures to protect those with very high drug costs is established at \$2000. The coverage provided is comparable to that enjoyed by Members of Congress and Federal employees.

The question is not whether we can afford this benefit. The question is how can we not use our resources to provide prescription drugs in Medicare when those drugs are a crucial part of medical care, when our seniors need and use those drugs, when the lack of coverage means they pay higher prices, face unaffordable costs, and frequently have to

go without. The need for coverage of prescription drugs will not go away. Delaying coverage will not make it easier or cheaper; it will simply leave the burden of these high costs with those least able to cope with it.

The President's plan would force seniors into HMOs in order to get a meaningful drug benefit. It would leave them at the mercy of insurance companies in deciding what benefit to give, how much to charge, and whether to make it available in any area. He has changed his rhetoric today but not the reality: people who chose to stay in Medicare will not receive any meaningful prescription drug coverage.

The bill we introduce today is simply what is right and what is necessary. This prescription drug plan will be the standard by which all other approaches are judged. I believe it is the plan that America's seniors need and want.