
Opposing Views on the Negotiated Drug Pricing Issue

AARP Calls on US Senate to Take a Stand

Earlier this year, the American Association of Retired Persons (AARP) called on its 38 million members to begin a campaign urging their senators to vote for giving Medicare the power to negotiate lower prescription drug prices. AARP believes negotiating power could help lower Medicare drug prices for tens of millions of Medicare beneficiaries. AARP members have already generated more than 60,000 calls and over 42,000 E-mails to members of Congress on this important issue. The campaign includes ads and events designed to put further pressure on key senators.

“Our members are calling and E-mailing their elected officials by the tens of thousands, said AARP Director of Government Affairs David Sloane. “Our polls show nearly 90% of voting-age Americans support giving Medicare the power to bargain for lower drug prices. This is not rocket science. It is allowing bulk purchasing of prescription drugs to try to get a better price. Drug prices are too high, the pharmaceutical industry wants to keep them high, and AARP will not stand by and let the industry block passage of legislation that has overwhelming public support and makes so much sense,” Sloane continued.

Earlier this year, the US House of

Representatives passed H.R. 4, the Medicare Prescription Drug Price Negotiation Act of 2007 by a bipartisan vote of 255 to 170. The bill has been reviewed by the Senate twice and passed on to the Finance Committee. AARP strongly supports H.R. 4.

Older Americans are the largest consumers of prescription drugs and take an average of 4 prescriptions a day. In 2006, on average, 193 brand name prescription drug prices increased 6.2%, whereas general inflation rose just 3.2%.

PhRMA Issues a Counterpoint Statement

Commenting on AARP’s campaign to modify Medicare Part D, Pharmaceutical Research and Manufacturers of America’s (PhRMA’s) Senior Vice President Ken Johnson issued the following statement on April 4, 2007:

“AARP’s misguided efforts to alter the Medicare prescription drug benefit continue despite overwhelming evidence that the program is working for seniors and taxpayers alike. Most troubling is that the policy changes the group seeks—allowing Medicare to ‘negotiate’ drug prices—threatens to do more harm than good for patients in need of potentially life-saving medicines.

“Medicare Part D’s track record speaks for itself. For the first time

ever, more than 90% of seniors and other beneficiaries have comprehensive prescription drug coverage. Seniors also are experiencing significant savings.

“According to the Centers for Medicare and Medicaid Services (CMS), seniors are saving on average \$1200 a year on their medicines. Seniors themselves report that their monthly out-of-pocket spending on medicines has dropped 54% since the program began, according to a poll by Public Opinion Strategies.

“Equally as important, seniors are satisfied with their drug coverage. In fact, some 80% of seniors are satisfied with their Medicare prescription drug coverage, according to several independent polls sponsored by organizations such as AARP, J.D. Power and Associates, the Medicare Rx Education Network, and Kaiser Family Foundation.

“Robust competition among Medicare drug plans continues to drive down costs for both seniors and taxpayers. According to CMS, average premiums are \$22 a month—46% less than previously estimated. In addition, the nonpartisan Congressional Budget Office (CBO) estimates Medicare Part D will cost 26% less over the next 10 years than earlier forecasts [predicted], meaning taxpayers will save \$265 billion.”

MPM