



## The “Discount” Prescription Drug Card Plan

**FACT: The “discount” prescription drug card plan creates a bewildering bureaucracy.**

- To find the best deal, seniors and people with disabilities must wade through 73 different “discount” card plans.<sup>i</sup>
- No card is guaranteed to cover all of your drugs, and the drug companies can change which drugs they cover as often as once a week.<sup>ii</sup>
- Once you choose a card you’re locked in for the year; you can’t drop or change plans, even when your card company drops coverage of your prescription drugs.<sup>iii</sup>

**FACT: The “discount” prescription drug card plan offers no significant discount.**

- Card companies may raise drug prices as often, and as much, as they like.<sup>iv</sup>
- The “discount” cards only offer savings of 10 to 25 percent on prescription drug prices – prices that continue to rise.<sup>v</sup>
- Since 2001, the prices of the 26 most frequently used medications have increased by over 21 percent.<sup>vi</sup>

**FACT: The Medicare prescription drug law prohibits Medicare from negotiating for the lowest prices for all drugs and instead offers seniors a so-called “discount” card.<sup>vii</sup>**

- The Department of Veterans Affairs (VA) negotiates the lowest drug prices available in the United States for our veterans. The VA purchases the top ten drugs most frequently prescribed to seniors and people with disabilities at prices lower than the lowest prices available with the “discount” cards.<sup>viii</sup>
- The VA purchases Protonix, for example, for a third of the cost of the lowest price available to Medicare beneficiaries using a “discount” card.<sup>ix</sup>
- There are over 40 million people enrolled in Medicare, far more than the 25 million represented by the VA, making their ability to negotiate that much more powerful.<sup>x</sup>

**FACT: The Medicare prescription drug law makes it illegal to import prescription drugs from Canada, where the costs are up to 80 percent less than the prices offered by the “discount” prescription drug card plan.**

- Canada negotiates with U.S. drug companies for some of the lowest prescription drug prices possible – prices lower than those available in the United States, including prices available with a “discount” drug card.<sup>xi</sup>
- It is still illegal for seniors to import their prescription drugs from Canada.<sup>xii</sup>
- Drug companies, on the other hand, are permitted to import drugs from other countries, including Canada, and have moved production of some of their top-selling medications overseas.<sup>xiii</sup>

**FACT: The big winners of the Medicare prescription drug law are the HMO’s and pharmaceutical companies—not the seniors and people with disabilities who need a real prescription drug benefit.**

- The Medicare prescription drug law is expected to produce a \$139 billion windfall for HMO’s and major drug companies.<sup>xiv</sup>
- Card companies are free to take a cut of the savings offered to them by drug companies—they are not required to pass on the full discount to Medicare recipients.<sup>xv</sup>
- Card companies have access to personal information—like what types of medication you are taking and how often you get a prescription filled. Many of these companies are insurance providers and businesses that can use this information to deny future coverage.
- The pharmaceutical industry was the 10<sup>th</sup> largest contributor during the 2002 election cycle, contributing a total of \$29.4 million to federal candidates and parties. Seventy-four percent of those campaign contributions went to Republican candidates and the Republican party; 26 percent went to Democratic candidates and the Democratic party.<sup>xvi</sup>

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- <sup>i</sup> Center for Medicare and Medicaid Services, “Medicare Drug Discount Cards Continue to Drop Prices and Offer Better Savings,” May 14, 2004. Available online at: <http://www.cms.hhs.gov/media/press/release.asp?Counter=1049>
- <sup>ii</sup> Families USA, “The New Medicare Prescription Drug Discount Card: A Flawed Program,” December 19, 2003. Available online at: [http://www.familiesusa.org/site/PageServer?pagename=medicare\\_drug\\_discount\\_card](http://www.familiesusa.org/site/PageServer?pagename=medicare_drug_discount_card)
- <sup>iii</sup> Official Medicare website: <http://www.medicare.gov/>
- <sup>iv</sup> See Endnote iii
- <sup>v</sup> Families USA, “Sticker Shock: Rising Prescription Drug Prices for Seniors,” June 2004, p. 14. Available online at: [http://www.familiesusa.org/site/DocServer/Sticker\\_Shock.pdf?docID=3541](http://www.familiesusa.org/site/DocServer/Sticker_Shock.pdf?docID=3541)
- <sup>vi</sup> See above.
- <sup>vii</sup> Letter from the Congressional Budget Office to Senator Don Nickels, November 20, 2003.
- <sup>viii</sup> Families USA, “Price Comparison: The Department of Veterans Affairs, Canada, Drugstore.com and the Medicare Discount Card,” 2003.
- <sup>ix</sup> See above.
- <sup>x</sup> Department of Veterans Affairs, VetPop2001. Available online at: <http://www.va.gov/vetdata/demographics/index.htm>
- <sup>xi</sup> See above.
- <sup>xii</sup> Campaign for America’s Future, “Bush Prescription Cards: Seniors get maximum confusion – campaign contributors get millions,” 2004. Available online at: [http://www.ourfuture.org/docUploads/rx\\_card\\_key\\_points.pdf](http://www.ourfuture.org/docUploads/rx_card_key_points.pdf)
- <sup>xiii</sup> Families USA; *New York Times*, 9/20/03.
- <sup>xiv</sup> Campaign for America’s Future, “What Bush Says vs. The Facts,” 2004.
- <sup>xv</sup> See Endnote xi.
- <sup>xvi</sup> OpenSecrets.Org online at: <http://www.opensecrets.org/>