

No Donut Hole!

On Friday, September 22nd, President Bush's Part D prescription drug disaster will surprise tens of thousands of seniors when it stops paying for their medications. That's the day when the average Medicare enrollee falls into Part D's dangerous "donut hole". The donut hole exists because conservatives designed Part D more for insurance and pharmaceutical companies than for enrollees.

TALKING POINTS

- Nearly 7 million seniors will fall into the Part D donut hole this year, where each will be forced to pay nearly \$3,000 out-of pocket for the medications s/he needs.
- The average senior would fall into the doughnut hole on Sept. 22nd.
- Many seniors simply can't afford their medications after they fall into the donut hole. The donut hole literally puts their lives at risk.
- Conservatives' focus on privatizing healthcare created a program that was costly and confusing, when a simple government solution existed.
- By privatizing healthcare, conservatives sold out America's seniors.
- Conservative corruption exacerbated the Part D disaster.
- They inserted a provision that actually forbid Medicare from negotiating for lower drug prices.
- It makes no sense to create a law that mandates Americans overpay for anything. Yet that's precisely what conservatives did with prescription drugs under Part D.
- Conservative ideology failed here. Conservatives' focus on privatizing healthcare created a program that was costly and confusing, when a simple government solution existed—namely a comprehensive prescription benefit delivered by Medicare.
- By privatizing healthcare, conservatives sold out America's seniors. They handed over billions to corporations and stuck seniors with confusing plan choices, coverage gaps, and billions in out-of-pocket expenses.
- Conservative corruption exacerbated the Part D disaster. Part D was written by two Republicans who were literally negotiating their next jobs with the pharmaceutical industry as they worked to create Part D.
- With the savings from negotiated prices, we could eliminate the donut hole entirely without any extra costs to seniors or taxpayers.
- It's time to eliminate the donut hole and replace Part D with a plan that's simple, cost-effective and guaranteed.

OPINION

Part D Donut Hole Leaves Bad Taste in Mouths of Seniors

Diane Archer | September 20, 2006

Imagine if you were told that the only car you could buy stopped working after 7,000 miles until you paid another hefty fee to get it going again? You'd likely think the car a poor investment at best and question the motives of the folks selling it. Well that's essentially what the Bush administration has done with prescription drug coverage for older and disabled Americans. They can buy it, but the typical person with Medicare is forced to lose drug coverage—"falls into the donut hole"—on or around September 22 and is without drug coverage until she spends \$3600 of her own money (excluding premiums) meeting her medication needs.

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drug coverage for older and disabled Americans. They can buy it but, the typical person with Medicare is forced to lose drug coverage--"falls into the donut hole"--on or around September 22 and is without drug coverage until she spends \$3600 of her own money (excluding premiums) meeting her medication needs.

Given that harsh reality, it is easy to understand why so much outrage surrounds the subsidized prescription drug benefit now available to people with Medicare. It essentially requires some seven million tax-paying Americans with high medication costs to reach deep into their or someone else's pocket to secure their drugs or forego their drugs altogether. With average annual incomes of only about \$17,000, too many of these people are being forced to go without treatment.

Of course, the Congressional leaders who supported this drug benefit would like us to focus only on their allocation of \$760 billion over ten years to subsidize the drug benefit, which has reduced by about half the cost of medications for millions of America's elderly and disabled. But what they do not tell you is that, as designed, the drug benefit provides a large subsidy to the pharmaceutical and health insurance industries.

Given the budget appropriated, Congress could have offered a comprehensive drug benefit without spending another nickel; it did not have to create a benefit with a donut hole. According to Dean Baker at the Center for Economic and Policy Research, for the same money Congress could have closed this enormous coverage gap had it allowed Medicare to negotiate prices with the pharmaceutical industry and offered the benefit directly through traditional Medicare--instead of forcing people to secure coverage through private insurer middlemen.

Alan Sager and Debbie Socolar of Boston University estimate that Congress could have saved hundreds of billions of dollars by cutting out the insurer middlemen, letting Medicare use its large market leverage to secure reasonable prices for medications--as does the Veterans Administration as well as every other advanced nation--and giving people the choice of using their Medicare card to get their drugs as the overwhelming majority of them do for doctor and hospital services.

So why design a benefit with a donut hole that poses such grave financial and health risks on our nation's parents and grandparents when we do not have to? One answer is that our Congressional leadership wanted to allow the drug makers to continue to charge high prices. And, high drug prices mean that the federal money they appropriated is not enough to cover a drug benefit without a huge coverage gap.

Ideology also explains the flawed drug benefit design. Our Congressional leaders believe health care is a commodity involving funneling public money to private hands and requiring people with costly conditions to face large financial burdens to secure the treatment they need. And the private health insurance and pharmaceutical industries are right behind them, filling their campaign coffers and benefiting many times over in additional profits.

Others of us believe it is better to treat health care as a social good, ensuring everyone access to the coverage they need--as does Medicare for doctor and hospital services. Health care is as important to our nation's citizenry as fire departments, police forces and public schools and it is wrong to condone financially penalizing our parents and grandparents who are struck with cancer, heart disease and multiple sclerosis (or worse still keeping them from getting the care they need) any more than we would want people whose homes were ablaze to pay extra to the fire department to prevent their homes from burning down. They've already paid their taxes and they are suffering enough.

In a nation that is fixated on choice, shouldn't fiscal responsibility combined with basic human decency dictate giving older and disabled Americans at least the choice of a cost-effective comprehensive drug benefit through traditional Medicare?

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