

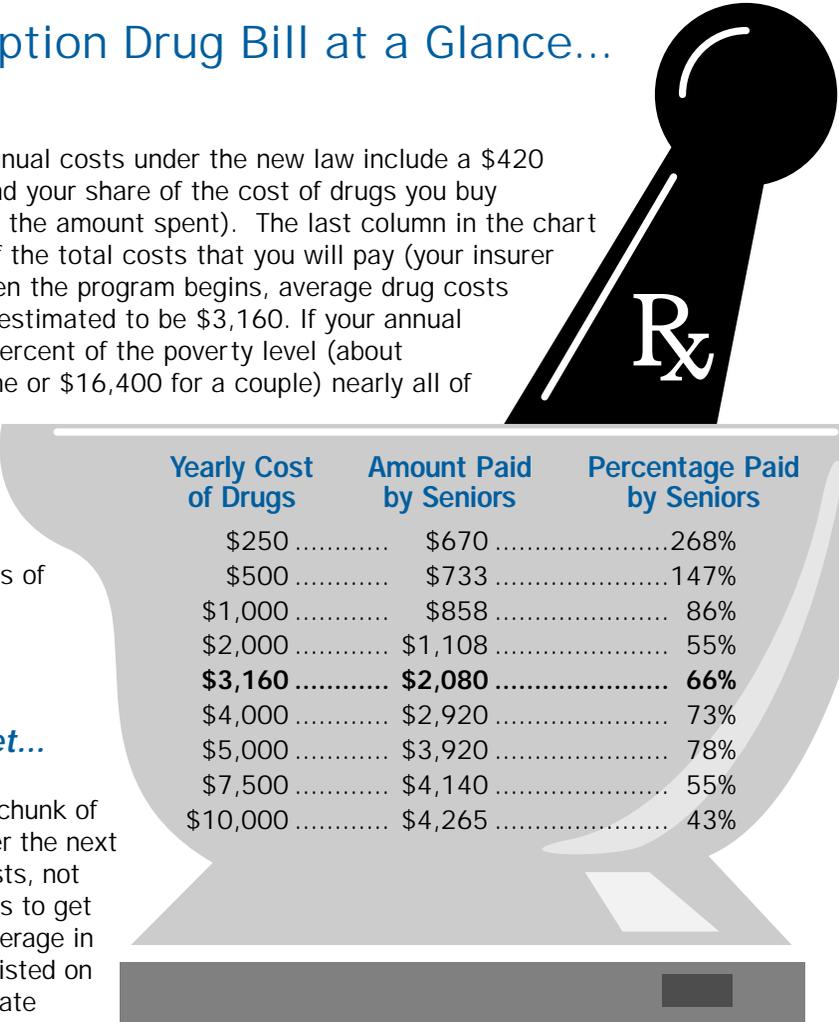
Medicare Prescription Drug Bill at a Glance...

What Seniors Get...

If you are on Medicare, your annual costs under the new law include a \$420 premium, a \$250 deductible and your share of the cost of drugs you buy (your share varies according to the amount spent). The last column in the chart below shows the percentage of the total costs that you will pay (your insurer will pay the rest). In 2006, when the program begins, average drug costs for a Medicare beneficiary are estimated to be \$3,160. If your annual income does not exceed 135 percent of the poverty level (about \$12,000 for a senior living alone or \$16,400 for a couple) nearly all of your costs will be covered as long as your assets are less than \$6,000 for a single person and \$9,000 for a couple (not including a car and home). About two-thirds of seniors will not qualify for this assistance.

What Special Interests Get...

The dirty little secret about the Medicare drug bill is that a big chunk of the \$400 billion to be spent over the next 10 years goes to special interests, not seniors. Much of this spending is to get insurers to provide the drug coverage in the first place. (Republicans insisted on having Medicare HMOs and private insurance companies provide the drug coverage, rather than make it available under the existing traditional Medicare program, as hospital and physician coverage is now done.) Payments to special interests also were made to get them to put their political muscle behind the bill to help get it passed.



Yearly Cost of Drugs	Amount Paid by Seniors	Percentage Paid by Seniors
\$250	\$670	268%
\$500	\$733	147%
\$1,000	\$858	86%
\$2,000	\$1,108	55%
\$3,160	\$2,080	66%
\$4,000	\$2,920	73%
\$5,000	\$3,920	78%
\$7,500	\$4,140	55%
\$10,000	\$4,265	43%

Brand-name Drug Companies

- Expanded markets for their products as more beneficiaries will have some drug coverage. **Value:** Billions of dollars in new sales and increased profits.
- A prohibition on the Medicare program using its bargaining clout to directly negotiate deep drug price discounts. **Value:** One estimate is \$139 billion over 8 years.
- An effective ban on the reimportation of prescription drugs from Canada, which cost about 50 percent less than in the U.S.

HMOs and Private Insurance Companies

- Subsidies are provided to private insurance plans to lure them into areas in which they do not currently operate. **Value:** \$14.2 billion
- Income is sheltered from taxes to encourage consumers to purchase catastrophic health coverage from private insurers, further undermining employer coverage. **Value:** \$6.7 billion
- An experimental program affecting up to 7 million beneficiaries will be launched that will force the government-run Medicare program to compete with private insurance plans to provide all Medicare benefits. Private plans, which are much less efficient than Medicare, will be able to game the system, forcing those under Medicare to pay higher premiums. **Value:** Will be worth untold billions if it leads to the full privatization of the Medicare program.

Hospitals

- Payments to hospitals and doctors are increased for rural health care delivery. **Value:** \$19.7 billion
- Direct payment rate increases. **Value:** \$2.7 billion

Physicians

- Blocks a planned 4.5 percent cut in physician reimbursement rates and instead increases rates 1.5 percent a year. **Value:** \$3.5 billion

Calculate How Much the Drug Benefit Is Worth to You!

Rep. Peter DeFazio (D-Ore.) operates a Web site that allows you to calculate how much you will pay out of pocket for drugs in 2007 based on the benefits under the new Medicare law. Go to:

<http://defazio.house.gov/medicxarerxcalc.html>