

It's no secret ...

Why Medicare Doesn't Cover Prescription Drugs

... it's a scandal!

It's a national scandal that Medicare doesn't cover prescription drugs as a benefit, except when you're in the hospital. But it's no secret why not: big drug companies want to protect the multi-billion dollar profits they earn from price-gouging Medicare beneficiaries!

Medicare beneficiaries who must buy their own outpatient drugs are charged — twice as much on average — as the drug companies charge their most favored customers, like large HMOs and the Departments of Veterans Affairs and Defense. Price-gouging seniors translates directly into mega-profits for drug companies, which they use to lobby Congress and pay outrageous compensation to their CEOs.

Drug Companies Earn Billions in Excess Profits by Price-Gouging Consumers

Company	Drug	Price Markup for Medicare Seniors*	Company Profits**
Pfizer	Norvasc [high blood pressure]	+93%	\$7.8 billion
Merck	Zocor [high cholesterol]	+144%	\$7.2 billion
Knoll	Synthroid [hormone treatment]	+1446%	\$1.5 billion
Pharmacia	Micronase [diabetes]	+363%	\$1.5 billion

* *Prescription Drug Pricing in the U.S.: Drug Companies Profit at the Expense of Older Americans. Minority staff report, Committee on Government Reform, U.S. House of Representatives, October 20, 1998. This column shows the price increase paid by seniors compared to drug companies' most favored customers.*

** 2001 profits, as reported to Securities & Exchange Commission. The amount for Knoll is profits for its parent company, Abbott Laboratories, in 2001.

Who's Pulling the Strings in Washington?

How Drug Industry Profits "Buy" Special Access to Congress

If Senators and Representatives listen to their constituents, they will take action now to provide prescription drug relief to people on Medicare and cut drug price-gouging. That's why the drug industry is spending millions of dollars to get Congress to listen to it instead!

- From 1997 through 2002, the drug industry spent \$51.1 million on federal campaign contributions and unregulated "soft" money donations.
- From 1997 through 2001, drug companies spent \$400 million lobbying Congress and the President!

Here's how much the Top Ten U.S. drug companies spent to "buy" Congress in 1997-2002:

Top Drug Companies	Amount Spent to Buy Congress (1997-2002)*
Pfizer	\$ 33.4 million
Merck & Co., Inc.	\$ 28.8 million
Eli Lilly & Company	\$ 28.1 million
Schering-Plough Corporation	\$ 28.0 million
Bristol-Myers Squibb	\$ 24.0 million
Abbott Laboratories	\$ 18.3 million
Wyeth	\$ 15.2 million
Pharmacia	\$ 15.0 million
Amgen	\$ 14.1 million
Johnson & Johnson	\$ 12.1 million
Total	\$ 217.0 million

*Amounts include contributions to federal candidates and political parties from 1997-2002 and lobby expenditures 1997-2001.



Sidney Wolfe, M.D., Director of Public Citizen's Health Research Group since 1971, is also Adjunct Professor of Internal Medicine at the Case Western Reserve University School of Medicine. His awards include a MacArthur Foundation Fellowship in 1990. Dr. Wolfe studied medicine at Case Western Reserve University in Cleveland, Ohio.