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DRUG FAIRNESS ACT

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Joan Claybrook, President

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"Prescription Drug Fairness for Seniors Act of 1998" Means Badly Needed Drug Price Relief for Medicare Beneficiaries

Public Citizen strongly supports the "Prescription Drug Fairness for Seniors Act of 1998," legislation introduced today by Reps. Thomas Allen (D-Maine), Jim Turner (D-Texas), John Tierney (D-Mass.), Henry Waxman (D-Calif.) and 25 co-sponsors.

"This landmark legislation addresses one of many inequities in the U.S. health care system: the heinous price-gouging that forces Medicare recipients to pay outrageously high prices for prescription drugs," Public Citizen President Joan Claybrook said.


The "Prescription Drug Fairness for Seniors Act of 1998" levels the drug-price playing field for Medicare recipients by allowing them to pay for their prescriptions based on the same price that is available to federal agencies from the Federal Supply Schedule -- a savings that could amount to as much as 40 percent. Currently, drug manufacturers negotiate lower prices with their most favored customers -- health insurers, managed care organizations, the Veterans' Administration and state Medicaid programs -- but there is no mechanism to extend these savings to most Medicare beneficiaries.

"Older adults rely on prescription drugs to a much greater extent than other age groups to remain healthy and active," Claybrook said. "Yet our current system permits pharmaceutical companies making double-digit profits to charge Medicare recipients who are not in managed care plans -- and only about 15 percent are -- 'full sticker price' for outpatient prescription drugs. This means that those with the greatest need, and very often the least ability to pay, are charged the highest prices. As a result, far too many seniors on fixed incomes have to make the choice between food and drugs.

"Only true health care reform in the U.S. will eliminate the perverse incentives and opportunities to shift health care costs to our most vulnerable citizens with the least bargaining power. In the interim, this legislation will bring badly needed prescription drug price relief to American seniors."

Ralph Nader, Founder

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