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ROCKEFELLER AND 18 OTHER SENATORS INTRODUCE LEGISLATION TO PROTECT SENIORS & REDUCE DEFICIT BY \$141.2 BILLION

*As Congress Works to Responsibly Reduce the Federal Deficit, the Bill
Would Help Make Sure Pharmaceutical Companies Pay Their Share*

WASHINGTON, D.C – Senators Jay Rockefeller (D-WV), Bill Nelson (D-FL), Amy Klobuchar (D-MN), Tammy Baldwin (D-WI), Richard Blumenthal (D-CT), Barbara Boxer (D-CA), Sherrod Brown (D-OH), Dick Durbin (D-IL), Al Franken (D-MN), Angus King (I-ME), Patrick Leahy (D-VT), Jeff Merkley (D-OR), Jack Reed (D-RI), Bernie Sanders (I-VT), Brian Schatz (D-HI), Jeanne Shaheen (D-NH), Debbie Stabenow (D-MI), Tom Udall (D-NM), and Sheldon Whitehouse (D-RI) today introduced legislation to significantly reduce the deficit, better protect seniors' health care, and reduce Medicare Part D drug costs for taxpayers.

The bill would save \$141.2 billion, helping to responsibly reduce the deficit, and avoid reckless proposals to cut Medicare benefits.

The Medicare Drug Savings Act would eliminate a special deal for brand-name drug manufacturers that allows them to charge Medicare higher prices for prescription drugs for some seniors and people with disabilities. The bill would require drug companies to provide rebates to the federal government on drugs used by dual eligibles – people eligible for both Medicare and Medicaid, who are predominantly low-income seniors and people with disabilities – just as was done for dual eligibles on Medicaid before Medicare Part D was created in 2006.

With the exception of Medicare Part D, all large purchasers of prescription drugs negotiate better prices, including Medicaid and private insurers. This bill simply restores negotiated prices for low-income Medicare beneficiaries.

This bill would correct excessive payments to drug companies, while also saving taxpayers and the federal government from footing the unnecessary cost. Over the past ten years, the 11 largest drug companies alone took in \$711.4 billion in profits, including a 62 percent increase from 2003 to 2012.

The companion bill was introduced in the House by Ranking Members Henry A. Waxman, Sander M. Levin, George Miller, Jim McDermott, and Robert E. Andrews.

Quotes from Sponsor and Cosponsors:

“For years, drug companies have received a taxpayer-funded windfall on their prescription drugs for people eligible for both Medicare and Medicaid, allowing them to charge higher prices than ever before for low-income seniors,” **said Senator Rockefeller**. “This bill would make sure drug companies no longer receive this unnecessary and excessive payment. It would responsibly help to reduce the deficit – without impacting Medicare beneficiaries – by making sure drug companies don’t get more than they’re due. It’s about putting low-income seniors and people with disabilities before pharmaceutical profits, while improving care and helping to guarantee the future of Medicare and Medicaid for years to come.”

“The Medicare Drug Savings Act will help fix a broken system that prohibits the federal government from negotiating lower prescription drugs for Wisconsin senior citizens,” **said Senator Baldwin**. “This a common sense solution that will produce cost savings and efficiencies in Medicare instead of windfall profits for drug companies. By allowing the government to negotiate better prices on prescription drugs for seniors, we will save taxpayers money and strengthen Medicare. This legislation can help reduce the deficit in a way that keeps our promises to seniors instead of cutting retirement benefits that people have worked for and earned.”

“This common sense legislation stops windfall profits on drug payments at taxpayer expense by lowering Medicare spending on medications for low-income seniors,” **Senator Blumenthal said**. “The goal very simply is to ban drug companies from overcharging for low-income seniors, especially now, as we seek to stabilize and strengthen the Medicare system.”

“For too long, pharmaceutical drug companies have made windfall profits on drug payments to our nation’s most vulnerable seniors at taxpayer expense,” **said Senator Durbin**. “This bill would help reduce our deficit in a responsible way without impacting coverage for our seniors, and ensuring that this important program is there for future generations.”

“Forcing Minnesota’s most vulnerable seniors to pay higher rates for their prescription drugs while big pharmaceutical companies rake in profits is just wrong,” **said Senator Franken**. “This bill puts an end to this unconscionable practice while saving taxpayers money and reducing the deficit. It’s a commonsense win-win.”

“The Medicare Drug Savings Act presents a responsible and common-sense way for Congress to begin regaining control of increasing government expenditures in healthcare, which are the primary source of future deficits,” **said Senator King**. “This legislation would not only continue to protect seniors’ health care, but it would also save taxpayers an estimated \$141.2 billion over the next ten years.”

“I am pleased to once again cosponsor this important bill that would allow Medicare to negotiate drug prices on behalf of the nation’s low-income seniors,” **said Senator Leahy**. “This commonsense step would save more than \$140 billion in the Medicare program without reducing benefits, and it is the right thing to do for the most vulnerable seniors and for American taxpayers.”

“This bill will help save taxpayers billions of dollars and strengthen Medicare by reducing wasteful taxpayer subsidies to the pharmaceutical industry,” **said Senator Reed**.

“While government programs face harsh and deep spending cuts, it is Congress’s job to step in and protect the most vulnerable among us,” **said Senator Schatz**. “The Medicare Drug Savings Act will ensure that millions of low-income seniors are provided with fair benefits. Furthermore, the bill will save more than \$140 billion for taxpayers. This is a balanced, commonsense approach that will generate savings while protecting Hawai‘i’s seniors, and I look forward to working with my colleagues to get it passed.”

“We need to reduce health care costs but not at the expense of seniors across the country. The Medicare Drug Savings Act takes serious steps towards accomplishing that goal,” **said Senator Shaheen**. “This bill not only saves the government billions of dollars but it also extends the solvency of Medicare and Medicaid in a responsible way that reduces our deficit. We need to act on this legislation as quickly as possible because it is in the best interests of our economy and our health care system.”

“Medicare should be able to negotiate with drug companies to get the best price possible for taxpayers,” **said Senator Stabenow**. “We need to find ways to reduce the deficit and find savings in Medicare without cutting seniors’ benefits, and that’s exactly what this bill does.”

“Our bill is a prime example of how we can take corrective action to cut billions in unnecessary government spending,” **said Senator Udall**. “For years, the pharmaceutical industry has reaped huge prescription drug profits while our most vulnerable seniors and beneficiaries have faced steeper costs for medications. Keeping prescription drug costs in check is an effective measure we can take to put the physical and financial wellbeing of beneficiaries before the profits of pharmaceutical giants.”

Background:

The Medicare Drug Savings Act would reduce the deficit, saving taxpayers \$141.2 billion over the next ten years, according to the Congressional Budget Office. Similar proposals were also included in the President's most recent budget proposal and the President's Commission on Fiscal Responsibility and Reform.

The legislation would require prescription drug companies to provide rebates for drugs provided to people eligible for both Medicare and Medicaid, as well as all other enrollees in the low-income-subsidy plan in the Medicare Part D Prescription Drug Program. Drug manufacturers currently provide rebates for other Medicaid beneficiaries, and had previously provided the same rebates for dually eligible beneficiaries.

Before the Medicare prescription drug program was created in 2006, brand-name drug manufacturers paid rebates for dually eligible beneficiaries on Medicare and Medicaid. All dual eligibles' prescription drugs were discounted by rebates negotiated by the federal government and some received additional discounts negotiated by state Medicaid plans. But since Medicare Part D was created, drug companies no longer had to provide these rebates and they have been unfairly making more money off of prescription drugs for dual eligibles at the taxpayers' expense. The bill retains incentives for drug manufacturer innovation and would not impose price controls.

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