

ROCKEFELLER INTRODUCES LEGISLATION TO PROTECT SENIORS, REDUCE DEFICIT

Alternative to Republican Efforts to End Medicare and Medicaid

WASHINGTON, D.C – Senator Jay Rockefeller and other Democratic colleagues have introduced legislation in the Senate and the House of Representatives that would save the government hundreds of billions of dollars by reducing Medicare Part D drug costs for taxpayers. The bill would save more than \$112 billion – helping cut the debt without resorting to Republican proposals to dramatically cut Medicare and Medicaid benefits.

“No one, and particularly our seniors, should have to choose between life’s necessities and the medicines they need,” said Rockefeller. “We need to do everything possible to responsibly reduce our deficit, but we can’t do it on the backs of some of our most vulnerable citizens. Rather than dismantling Medicare and Medicaid, we can reduce the deficit by over \$112 billion by eliminating a taxpayer-funded windfall for drug companies.”

The *Medicare Drug Savings Act of 2011* will eliminate a special deal for drug manufacturers that allows them to charge Medicare higher prices for some seniors’ prescription drugs. It would require that prescription drug manufacturers pay rebates for people who are eligible for both Medicare and Medicaid, known as dual eligibles, as well as other low-income seniors.

Background:

The *Medicare Drug Savings Act of 2011* would reduce the deficit, saving taxpayers \$112 billion over the next ten years, according to the Congressional Budget Office. Similar proposals were also included in the recommendations from the President’s Commission on Fiscal Responsibility and Reform, and the President’s framework for deficit reduction.

The legislation would require prescription drug manufacturers to provide a rebate 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. Manufacturers currently provide rebates for other Medicaid beneficiaries and had previously provided rebates for dually eligible beneficiaries.

Prior to the creation of the Medicare prescription drug program, brand-name drug manufacturers paid a drug rebate for dually eligible beneficiaries in Medicare and Medicaid. However, when the new Medicare drug program was established, drug companies no longer had to provide these rebates, resulting in windfall profits for prescription drug manufacturers, at taxpayers’ expense.

Cosponsors of this bill include Senators Bingaman, Stabenow, Blumenthal, Sherrod Brown, Boxer, Merkley and Franken.

The bill was also introduced in the House of Representatives by Representatives Henry A. Waxman, John D. Dingell, Sander Levin, George Miller, Pete Stark, and Rob Andrews.

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