

MEDICARE REFORM/PRESCRIPTION DRUGS

POSITION

The American Nurses Association (ANA) supports the creation of a standard, affordable prescription drug benefit within the Medicare program. ANA maintains that the Medicare program should provide all beneficiaries with affordable access to needed medications and health care services.

BACKGROUND

America's nurses have long supported our nation's efforts to create a health care system that assures access, quality, and services at affordable costs. ANA has also historically supported the mission and philosophical underpinning of the Medicare program. We were the first health professional association to endorse the creation of Medicare in the 1960s.

In 2003, Congress passed the Medicare Prescription Drug and Modernization Act (MMA, P.L. 108-173). This law made the largest wholesale changes to the Medicare program since its inception, and created a new Medicare Part D to cover the costs of prescription drugs. Beginning in 2006, Medicare beneficiaries were offered a voluntary prescription drug benefit through private health plans. These plans will include premiums and deductibles averaging roughly \$600 in 2007. The benefit maintains a large coverage gap, during which beneficiaries will receive no drug benefits, although they will continue to pay premiums. Some individuals with lower incomes will receive more generous benefits, while wealthier seniors will have to pay more for their Medicare Part B premium.

The MMA explicitly prohibits the government from negotiating with pharmaceutical manufacturers for lower prescription drug prices, and has thus failed to provide access to less expensive drugs from foreign countries. This prohibition on direct prescription drug price negotiation restrains Medicare from using its market power to secure lower cost medications. Medicare plans now pay more on average for common medications than the VA and the state Medicare programs.

ANA did not support the MMA because it contains an insufficient prescription drug benefit, one that will continue to leave beneficiaries with prohibitively high medication costs. In addition, the law relies heavily upon the private market to deliver the meager prescription drug benefit. History shows that these private plans are incapable of meeting the needs of America's seniors and the disabled population.

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RATIONALE

ANA supports the creation of a benefit that ensures that all Medicare beneficiaries have reliable and affordable access to needed medications and health care services. In evaluating and responding to Medicare prescription drug benefit proposals, ANA evaluates whether or not the benefit advances this overarching goal. ANA support is based on the following principles:

- The benefit must offer comprehensive coverage that ensures affordable access to needed prescription drugs for all Medicare beneficiaries and grants assistance with cost-sharing to lower-income beneficiaries.
- All Medicare beneficiaries must be eligible for prescription drug coverage regardless of their income or health status.
- The benefit must be based on a standard, national Medicare benefit package that covers needed drugs and biologicals.

Regarding cost containment, ANA supports Medicare and/or its contractors being able to negotiate prices with pharmaceutical companies. CMS must begin to investigate methodologies for objectively determining appropriate drug prices under Medicare. ☺