

CLINTON - Congressman Steny Hoyer hosted a Prescription Drug Town Hall Meeting at the Bradford Oaks Nursing Center today in Clinton to discuss the new and very complicated federal prescription drug law. The plan became law late last year and polls show that seniors are still very confused about its provisions. Following are some of the remarks made by Congressman Hoyer as he talked to Maryland seniors. (As prepared for delivery).

“The Medicare bill is one of the most important pieces of legislation that Congress has passed in recent years. Lyndon Johnson signed Medicare into law in 1965 because our nation was facing a health crisis - the private insurance industry was failing to adequately cover our nation's elderly.

“Over the past 40 years, Medicare, together with Social Security, has protected millions of America's elderly and disabled from falling into poverty. But over the years, as health care evolved to rely more on miracle medicines, it became apparent that we needed to add prescription drug coverage to Medicare.

“Now, obviously, any bill this important should be written with the best interests of seniors in mind. Unfortunately this law was written to take care of many special interests first, and seniors last.

“The drug benefit is confusing and illogical. The law did not simply add prescription drugs as a new covered benefit in Medicare. Instead, if you want to keep your regular Medicare coverage, the law requires that you join a separate drug-only insurance plan through a private insurance company.

“This separate drug-only plan will require separate premiums, separate deductibles, and will have separate rules. Unlike the rest of Medicare, this law leaves it up to this new private insurance company to make critical decisions like how much to charge you and what drugs are covered.

“And every year, the insurance companies can decide to change those prices, can decide to change what drugs are covered, and can decide to simply stop offering coverage in your area.

“This also means that few of the numbers you see in the advertisements are guaranteed. Rather, those numbers are just estimates as to what the private insurance plans might offer.

“Even if we use their estimated numbers, the plan is very confusing. First you pay the \$250 deductible. Then you pay 25% up to \$2,850 of drug costs. Then you pay 100% until your total drug costs reach \$5,100. And then from that point on, you pay 5%. And during the ‘gap,’ when you get no benefit, you will still continue to pay the monthly premium. A senior with \$5,100 in annual drug costs would still have to pay \$4,020 out of his own pocket.

“The major reason I opposed this bill is that it does nothing to address the single most important issue for seniors - drug price. Not only does it the new law not permit Americans to purchase drugs from other countries like Canada where drug prices are lower, but outrageously this bill actually prohibits the secretary of Health and Human Services from negotiating lower drug prices. Such sensible negotiation would save both seniors and the government money, and is currently done at the Veterans Administration (VA).

“Families USA, a non-profit, non-partisan organization focused on providing high-quality, affordable health care for all Americans, found that such negotiation saved the VA over 40% on the most commonly used drugs by seniors.

“Let me also say a few words about the temporary discount drug card. For low-income seniors that qualify, there is valuable assistance in the form of a \$600 annual subsidy. However, for most seniors, I urge you to look at this carefully.

“For an enrollment fee of up to \$30, seniors must pick one card out of 41 choices in Maryland. Once you pick a card, seniors are locked into that card for the entire year. However, the card sponsors can change the drugs that are covered and the discounts every week.

“One major problem is that increases in drug prices have wiped out any potential savings. Ron Pollack of Families USA has said that ‘it’s the functional equivalent of going to a used car salesman and being told you’re getting a great deal because you got a \$3,000 discount. Only before you came, he raised the price of the car by \$4,000.’

“I hope you will go home, read the materials we have provided, and do the math on your own drug costs. You may also visit my website [www.hoyer.house.gov] to help calculate your drug costs.”

Representative Hoyer played a new video featuring former news anchor Walter Cronkite which provided information to the senior citizens about the complex law. The video was produced by Families USA. The video can be viewed online at http://www.familiesusa.org/site/PageServer?pagename=Medicare_Road_Show_video.

In the video, Cronkite states: “This new law represents the biggest change to Medicare since the program's inception. The law is almost 700 pages long and is very complex. There are important decisions seniors will have to make on their own. In order to make informed decisions, seniors will have to understand the new law.”

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