

Medicare Plan Feels New Heat

Canadian Stores and Web Site Offer Cheaper Drugs, Democrats Say

By Judith Graham

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Chicago seniors are paying higher prices for medications under Medicare's new drug program than they would if drugs were purchased in Canada or on Drugstore.com, Democrats charged Friday.

The critique is based on a new analysis of prescription drug prices by Democratic congressional staffers that says a package of 10 popular medications bought in Chicago under Medicare's drug program cost 65 percent more than a similar package purchased at Canadian drugstores.

If a consumer had bought the 10 drugs on Drugstore.com, her costs would have been 6 percent lower, the report said.

"The conclusion is, private [Medicare] drug plans are no great bargain," Rep. Jan Schakowsky (D-Ill.) said at a news conference Friday.

Doug O'Brien, regional director of the Department of Health and Human Services, disputed that allegation, saying the Democrats' report has "erroneous conclusions, makes dubious comparisons and cherry picks very limited data."

He insisted that national data show competition is driving down prices for the Medicare drug benefit. Last week, the government announced the expected cost of the program for 2006 was \$30.5 billion, down from a previous \$38.1 billion estimate.

Tom Paul, chief pharmacy officer for Ovations, a unit of United HealthGroup, also disputed the report's findings, saying they "simply do not reflect the significant discounts negotiated by the health plans with pharmaceutical companies."

Consumers who previously had no drug coverage end up paying less for prescriptions under the Medicare program because the government picks up a substantial portion of the drugs' costs, he said.

But Democrats defended their report's conclusions. Because Medicare is not permitted under the law to negotiate bulk discounts with drug companies, prescription prices are significantly higher than for the Veterans Administration system, which is allowed to negotiate prices, Schakowsky said.

Ultimately, taxpayers foot the bill, she said.

The issue of cost is gaining traction in Washington. Last week a senior AARP official said the seniors' organization would support a new discussion over whether Medicare should be able to negotiate price discounts with pharmaceutical firms. AARP is offering a Medicare drug plan with United HealthCare.

Both Democrats and Republicans have criticized Medicare's new drug program for confusing seniors and getting off to a rocky start. Thousands of consumers report having had problems getting prescriptions filled since Jan. 1, when the program began.