

The Hill: Durbin, Schakowsky take aim at Obama's detente with drug industry

by Alexander Bolton

03/12/11

Two Democratic members of President Obama's fiscal commission are taking aim at a deal the president struck with the drug industry to pass healthcare reform in the last Congress.

Senate Democratic Whip Dick Durbin (D-Ill.) and Rep. Jan Schakowsky (D-Ill.) have introduced legislation that would require the secretary of Health and Human Services to negotiate lower prices for beneficiaries of the Medicare prescription drug program.

The legislation threatens a behind-the-scenes agreement Obama forged with Pharmaceutical Research and Manufacturers of America (PhRMA) in 2009 to win the powerful trade association's support for healthcare reform legislation.

In exchange for the president agreeing not to push a Democratic-favored proposal to empower the Secretary of Health and Human Services to negotiate drug prices on behalf of all Medicare Part D beneficiaries, the drug industry also agreed to provide \$80 billion worth of drug discounts to seniors, according to media reports and Democratic sources.

But now that healthcare reform is law and Republicans are pushing to cut billions of dollars from social programs, Democrats in Congress don't feel bound by Obama's agreement.

For Durbin, this is a long-running effort. "Sen. Durbin introduced this immediately after Medicare Modernization Act was enacted - previous to any deal - and has introduced it in each congress since. He'll continue to do so until all seniors have access to low cost prescription drugs," said Christina Mulka, Durbin's spokeswoman.

Durbin and Schakowsky estimate their legislation, which they unveiled late Friday, could save \$20 billion a year in government spending.

"Our bill would save taxpayer dollars by giving Medicare beneficiaries the choice to participate in a Medicare Part D prescription drug plan run by Medicare, not private insurance companies," Durbin said in a statement. "Seniors want the ability to choose a Medicare-administered drug plan. Let's give them this option – just as they have this choice with every other benefit covered by Medicare."

Schakowsky said: "By giving HHS negotiating power, seniors and people with disabilities would see lower drug prices through an alternative public plan.

"Importantly, this legislation has the potential for enormous savings to Medicare beneficiaries, but it would also reduce our country's deficit," she said.

Rep. Henry Waxman (Calif.), senior Democratic member of the Commerce Committee, and Rep. Pete Stark (Calif.), senior Democrat on the Ways and Means health subcommittee, have cosponsored the legislation.

The legislation would set up Medicare-operated drug plans and task the secretary of Health and Human Services to negotiate with drug companies on the prices of drugs provided through those plans. The Medicare Part D program is currently administered through private insurance companies.

The drug industry is among the most powerful special interests in Washington, and it would

wage a fierce fight against Durbin's and Schakowsky's proposal.

Senate Budget Committee Chairman Kent Conrad (D-N.D.) said last month that additional savings need to be found in the nation's healthcare accounts, Medicare and Medicaid.

Conrad said he personally favored empowering the secretary of health and human services to negotiate on behalf of Medicare beneficiaries but conceded the reform would be difficult to accomplish.

When asked if the deal Obama struck with the drug industry would pose an obstacle, Conrad demurred.

"It's hard to do because it's hard to do," he said.

Conrad's longtime home-state colleague, former Sen. Byron Dorgan (D-N.D.) waged a long-running and ultimately unsuccessful battle against the drug industry to allow for the re-importation of cheaper pharmaceuticals into the country.

Liberal Democrats in the Senate and House were critical of the deal with PhRMA when news of it broke in the summer of 2009.

“Are industry groups going to be the ones at the table who get the first big piece of the pie and we just fight over the crust?” Rep. Raul Grijalva (D-Ariz.), co-chairman of the House progressive caucus, asked in The New York Times.

Families USA, the National Committee to Preserve Social Security and Medicare, SEIU and AFSCME support the Durbin-Schakowsky proposal.