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NEW GAO STUDY SHOWS THAT PRESCRIPTION DRUG DISCOUNT CARDS FAIL TO PROVIDE MEANINGFUL SAVINGS TO SENIORS

Rep. Henry A. Waxman, Rep. Pete Stark, Rep. Sherrod Brown, and Rep. Mike Ross today released a General Accounting Office (GAO) study showing prescription drug discount cards provide only minimal savings at best. These cards have been included in Medicare plans passed by the House and Senate and promoted by President Bush and congressional Republicans as an important source of drug discounts. GAO found that the cards in fact provide little help for seniors.

"At best, prescription drug cards provide only token savings for seniors," said Rep. Henry Waxman. "Double-coupon day at the grocery store probably saves them more. And, if the Republican Medicare bill doesn't require the card companies to pass on all discounts to seniors, then the Medicare-sponsored cards will be just as worthless, maybe even worse if they charge an enrollment fee. Seniors should be forewarned that these cards will cost them money and won't give them much, if anything. The President and the Republicans shouldn't raise expectations that they won't fulfill."

"If you still believe the Bush Administration's pronouncements on Iraq's weapons of mass destruction, you should be a big fan of this prescription drug discount program," said Rep. Pete Stark. "Otherwise, this report makes clear what we've been saying all along — prescription drug cards will not provide real savings. For example, in California GAO found that state law guarantees pharmacy prices that are already lower for seniors than drug card prices for some drugs."

"We shouldn't attach Medicare's name to these discount drug cards. It's like seeing seniors in a 100-foot hole and handing them a 5-foot ladder. The larger Medicare bill is no better — it promises gap-ridden coverage for some and jeopardizes coverage for others. Creating false hopes is not what Medicare is about," said Rep. Sherrod Brown of Ohio, ranking member on the Energy and Commerce Health Subcommittee.

"This report continues to confirm that the Administration and Republicans have misplaced their priorities by promoting a 'Medicare-endorsed prescription drug card' instead of working to provide a meaningful Medicare prescription drug benefit that will not leave gaps in coverage," said Rep. Mike Ross. "In January 2002, I requested a similar report from GAO that found seniors will only save on average about $3 or $4 per prescription. While these cards may provide some small savings, a $15 or $20 savings on a $400 medicine bill is not going to help seniors choose between buying their medicine and paying their electricity bill or buying groceries. Seniors don't need a so-called

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prescription drug discount card; what they want, and what Democrats are fighting for, is to truly modernize Medicare to include a voluntary but guaranteed prescription drug benefit."

GAO analyzed the prices of nine popular prescription drugs for seniors, comparing the prices available with prescription drug cards to the prices paid by seniors in three areas of the country — California, North Dakota, and Washington, D.C. On average, the cards produced savings of less than $5.00 per prescription. Savings were even lower in California and North Dakota, with average savings in these two states of less than $3.27 and $3.30 per prescription respectively.

Savings on certain popular and expensive drugs are even smaller. Prilosec is the highest selling drug for seniors in the United States. Seniors in Washington, D.C. who used drug cards received an average savings of only $2.09 on Prilosec, which is 1.7% off the monthly average cost of $125.28.

In some cases, prices are higher with the drug card than without. GAO found that one of the pharmacies in North Dakota with a senior discount program sold eight of the nine drugs at a lower price than seniors could receive with some discount cards. In California, pharmacies that participate in the Medi-Cal program are required to give seniors a discounted price. For the popular arthritis medication Celebrex and the generic blood pressure medication atenolol, average prices paid by California seniors are already lower than the prices with the drug cards.

Even when drug cards appear to give proportionately large discounts, the real benefits are minor. GAO included two generic drugs in its survey and found that the drug cards offered average discounts of approximately 30%. But because these drugs are inexpensive to begin with, the actual dollar savings are small — on average, less than $2.50 per month.

Moreover, GAO found that any savings realized by seniors using these cards are reduced by the annual or one-time fees charged for the drug cards. It is estimated that seniors would pay a yearly fee of $25 to $30 for the Medicare prescription drug card.

House Ways and Means Republicans included prescription drug cards in the Medicare prescription drug legislation passed earlier this year, claiming that the cards would provide savings to seniors of up to 20%. The GAO study demonstrates that discount cards do not provide this level of savings.

The full GAO report can be accessed at www.house.gov/reform/min.