

Wyden introduces legislation to make Medicare a “smarter shopper”™

by Bend Weekly News Sources

Senators act to require HHS Secretary to negotiate for Medicare prescription drugs

Washington D.C. “ U.S. Senators Olympia Snowe (R-ME) and Ron Wyden (D-OR), both members of the Senate Finance Committee, on Tuesday introduced legislation to make the Medicare program a “smarter shopper” by requiring the U.S. Secretary of Health and Human Services (HHS) to negotiate with drug companies for prices under certain circumstances.

“The rapidly escalating price of prescription drugs threatens to undermine the very drug benefit Congress passed to deliver real savings to seniors,” Snowe said. “With this bill, Senator Wyden and I believe that we can manage prescription drug costs in a commonsense way -” harnessing the buying power of millions of seniors to give them a better value for their health care dollar. The fact is with Medicare population rapidly growing, it simply makes sense that negotiation is employed to assure the kind of fiscal responsibility so essential to protecting this vital health entitlement.”

“Our goal is simple: the Medicare program needs to be a better shopper and this legislation makes that possible.” Wyden said. “It’s just common sense to try and find the best bargain. Seniors, taxpayers and the government all save when we look for the best possible price.”

Currently, the HHS Secretary is prevented from bargaining for prescription drugs under the Medicare program. Under the Snowe-Wyden proposal, that ban would be lifted and the HHS Secretary would be required to negotiate if:

- A drug is a single source drug, which means there is only one brand name of the drug available;
- A drug was created with substantial taxpayer funding for its research and development;
- A private insurance plan requests help; and
- For any fallback plan for which the Secretary must provide.

Additionally, the legislation requires the Secretary to provide a fallback plan that eliminates the coverage gap, also known as the donut hole, if the coverage is not available.

Unlike other proposals, the legislation also includes language stating that there can be no price-setting or uniform formularies.

The bill does not limit when negotiations could take place. It does require them in the instances described above. Savings from the Medicare negotiations provision would go toward deficit reduction or Part D Medicare improvement.

The U.S. Senate Finance Committee has scheduled a hearing on negotiations for drugs in Medicare this Thursday and the U.S. House of Representatives is expected to vote on a similar bill Friday.

Snowe and Wyden have a long history of seeking to give the HHS Secretary that power. In 2004, they first introduced legislation to allow such bargaining and in March 2006, the Senate voted 54-44 for a Snowe-Wyden amendment to accomplish the same goal. However, the measure needed 60 votes to overcome a point of order.

Additionally, the Snowe-Wyden bill would require the Government Accountability Office (GAO) to report on prescription drug prices including prices from private plans, the U.S. Department of Defense, the Veterans Administration and Part Medicare.

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