Drug plan boosts industry profits
As prescription prices climb, the true goals of the expensive and complicated Medicare Part D are becoming increasingly clear.

Imagine that the new Medicare Part D drug benefit had been designed to benefit senior citizens struggling to pay for their medication rather than pharmaceutical companies struggling to regain their position as the nation's most profitable industry.

Such an imaginary plan would probably not only allow, but encourage Medicare to use its tremendous buying power to negotiate with pharmaceutical companies for lower prices.

Back here in the real world, though, the legislation passed by Congress prohibits Medicare from negotiating lower prices.

That is unfortunate, because in the first three months the plan was in effect, name-brand drug prices shot up 4 percent, the highest increase in six years, according to the AARP.

The Department of Veterans Affairs, which can negotiate with drug companies, pays an average 46 percent less for most drugs than Part D participants, according Ron Pollock, executive director of Families USA.

"Part D plans are doing essentially nothing to contain the fast-rising prices by the drug industry," Pollack said.

In addition to prohibiting Medicare from negotiating drug prices, the legislation shifted 6 million low-income and disabled people from Medicaid onto Plan D. One economist called that a huge windfall for the pharmaceutical industry.

"Medicaid would have paid 25 percent to 30 percent less under the old system, including rebates from the manufacturers, than the new Medicare Part D program is paying," Stephen Schondelmeyer, a University of Minnesota economist, told The New York Times.

According to the Health Reform Program at Boston University School of Public Health, Part D will increase industry profits by $139 billion in the next eight years.

That's a transfer of wealth straight from the struggling Medicare trust fund into the accounts of big pharmaceutical companies.

Is it any wonder that the plan turned out to be twice as expensive as the Bush administration promised Congress?

A Medicare drug plan truly designed to ease the burden of expensive prescription drugs for seniors would bear no resemblance to this complicated and expensive system.
Part D was designed by health insurance and pharmaceutical lobbyists to benefit drug and insurance companies, not seniors.

To imagine a better drug benefit, the first step is to imagine a better Congress, which would put the interests of ordinary people ahead of the interests of large campaign contributors and political allies.