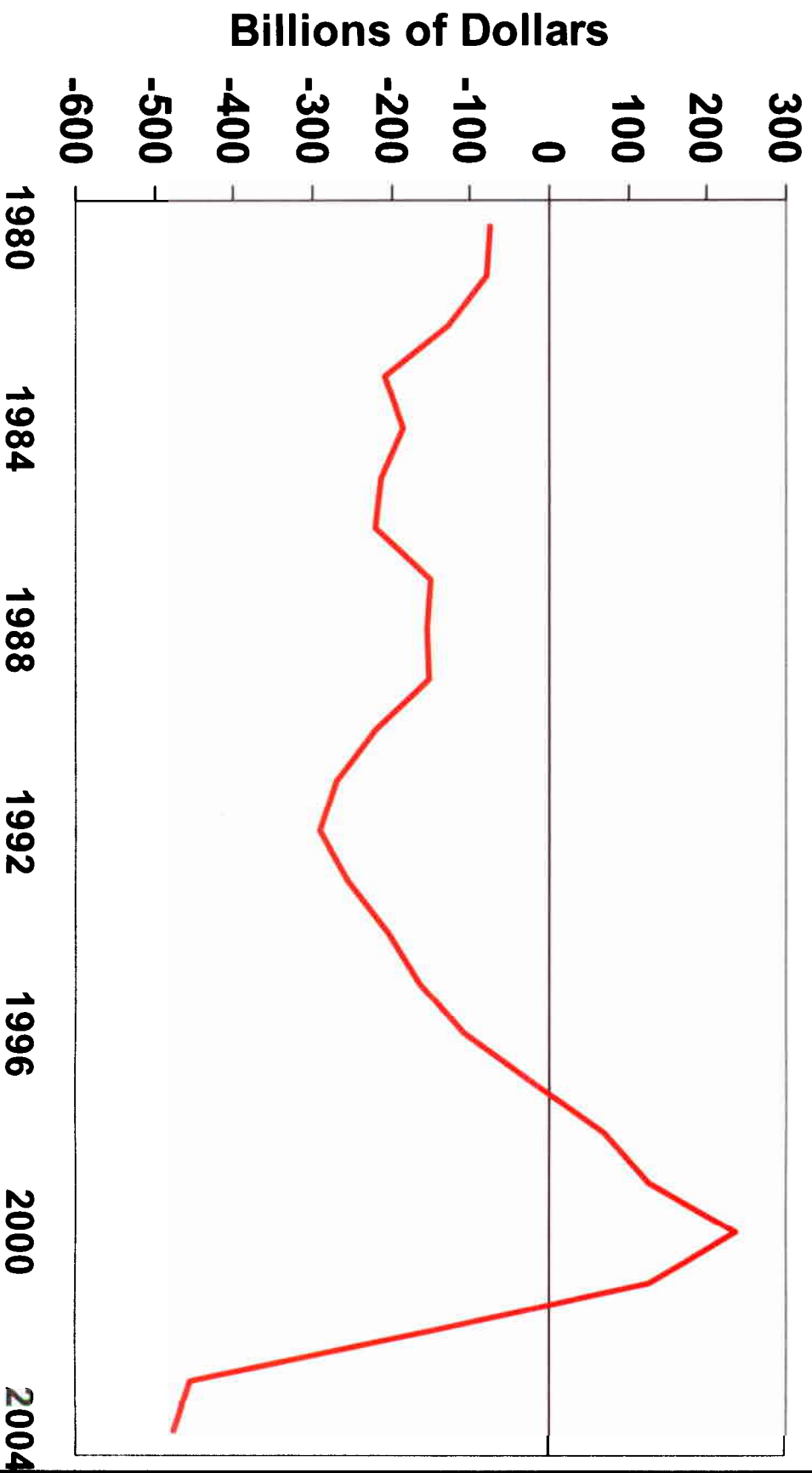


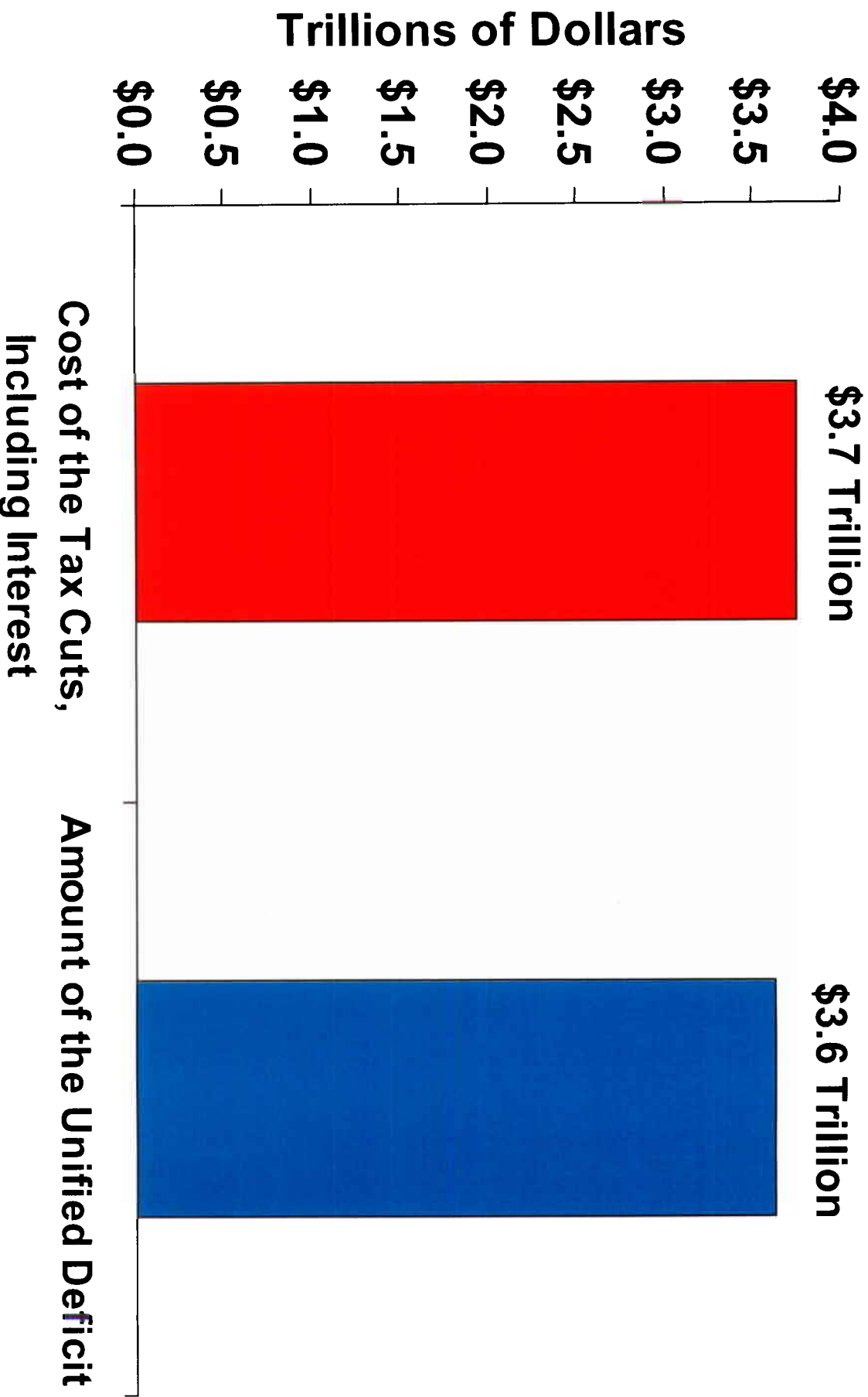
The Largest Deficits in American History



The Administration Budget Estimate Omits the Cost of:

- **Ongoing operations in Afghanistan and Iraq, running currently at \$5 billion per month.**
- **Renewing expiring tax breaks, or “sunsets,” that could cost over \$2 trillion.**
- **Expected growth in discretionary spending.**
- **Budget deficits from 2009-2013, due to five-year projections.**

The Tax Cuts Caused The Deficit



U.S. FEDERAL BUDGET TEN-YEAR OUTLOOK FY 2004-2013



Amounts in Billions

Projected Ten-Year Deficit*	- \$400
<hr/>	
2003 Tax Cut Extension	- \$660
Additional Tax Sunsets and AMT Fix	- \$1,660
Prescription Drug Plan	- \$400
Interest Costs	- \$570
<hr/>	
Projected Deficit	- \$3,690
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Social Security Surplus	- \$2,570
Medicare HI Surplus	- \$350
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Deficit Not Including Social Security and Medicare	- \$6,610

*Based on the cost of 2003 tax cuts, supplemental spending, downward revisions in economic forecasts, and additional interest costs

*Prepared by the Office of U.S. Rep. Robert T. Matsui, Committee on Ways and Means
Based on Estimates from CBO, JCT, and Budget Committee Analysis
Components May Not Sum to Totals Due to Rounding
July 16, 2003*

Comparison of Medicare Prescription Drug Proposals

Provision	H.R. 1, House Republican Bill	S. 1, Senate Bill	H. R. 1199, House Democratic Bill
Provider	Drug benefit provided by private companies	Drug benefit provided by private companies with a Medicare “fallback”	Drug benefit provided through Medicare, like all other Medicare benefits
Premium	\$35/month (estimate, can vary across the country)	\$35/month	\$25/month
Deductible	\$250/year	\$275/year	\$100/year
Prescription Drug Benefit and the Cost to You	<ul style="list-style-type: none"> • Medicare pays 80% of first \$2,000 in drug costs, you pay 20% • Medicare pays \$0 of drug costs between \$2,001 and \$4,900. This is the “donut hole” and would impact 47% of seniors • Catastrophic cap. Medicare pays 100% above \$4,900 in drug costs. Wealthier seniors would have a higher catastrophic cap, as much as \$13,200 for the highest-income 	<ul style="list-style-type: none"> • Medicare pays 50% of first \$4,500 in drug costs, you pay 50% • Medicare pays \$0 of drug costs between \$4,500 and \$5,813. This is the “donut hole” and would impact 12% of seniors • Purported catastrophic coverage. Medicare pays 90% of costs above \$5,813, you would continue to pay 10% of drug costs. All seniors would have the same catastrophic cap, regardless of income 	<ul style="list-style-type: none"> • Medicare pays 80% of first \$2,000 in drug costs, you pay 20% • Medicare pays 100%. There is no “donut hole” • Catastrophic cap. Medicare pays 100% of drug costs above \$2,000. All seniors would have the same catastrophic cap, regardless of income

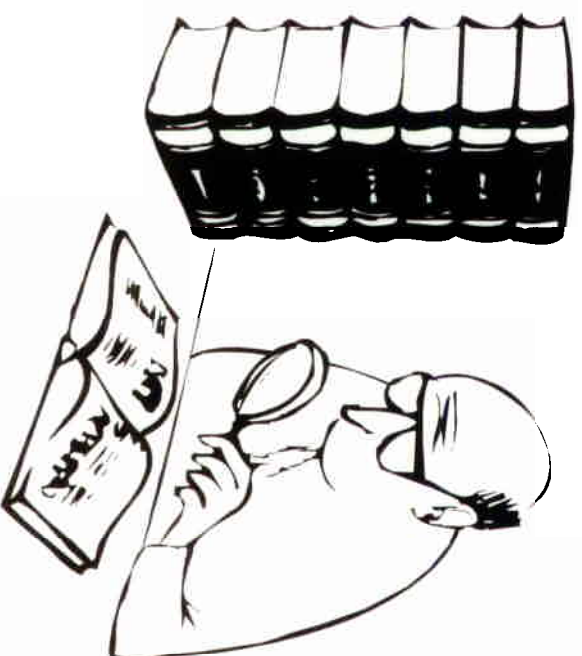
Provision	H.R. 1, House Republican Bill	S. 1, Senate Bill	H.R. 1199, House Democratic Bill
Access to Drugs	Private companies can deny coverage for drugs not on their formulary	Private companies can deny coverage for drugs not on their formulary	You would have coverage for all drugs prescribed by your doctor
Drug Prices	Prohibits the Government from negotiating lower prescription drug prices	Prohibits the Government from negotiating lower prescription drug prices	Allows the Government to negotiate lower prescription drug prices on behalf of all Medicare beneficiaries
Competition	Beginning in 2010, requires private companies to compete to provide not just the drug benefit but all Medicare services. This would dramatically increase the cost of traditional Medicare, leaving seniors unable to afford it	Private companies may compete, but Medicare would continue to provide benefits to seniors	Medicare continues to provide all benefits
Cost	\$400 billion/10 years	\$400 billion/10 years	\$900 billion/10 years

Prepared by the Office of Congressman Robert T. Matsui
Updated July 16, 2003

What does the bill actually deliver?

The Republican plan:

- Requires seniors to pay **\$3,920** of the first \$5,000 for prescriptions
- Does nothing to lower drug prices
- Undermines traditional Medicare and forces seniors into private HMOs



Republicans Block Lower Drug Costs

“In carrying out its duties with respect to the provision of qualified prescription drug coverage to beneficiaries under this title, the Administrator may not interfere in any way with negotiations between Prescription Drug Plan sponsors.....and drug manufacturers, wholesalers, or other suppliers of covered outpatient drugs.”

H.R. 1, Republican Prescription Drug Bill, page 477

Which plan would you prefer?

Republican Plan



- Premium: **\$35**/year
- Deductible: **\$250**/year
- Seniors pay **\$3,920** of first \$5,000 in drug costs
- Leaves seniors at the mercy of private insurers
- Keeps drug costs high

Democratic Plan



- Premium: **\$25**/month
- Deductible: **\$100**/year
- Seniors pay **\$780** of first \$5,000 in drug costs
- Maintains traditional Medicare
- Negotiates lower drug prices