

## More Choices and Better Health Benefits for Seniors

The President signed into law the historic Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which allows the biggest improvements in health care for seniors and the disabled in nearly 40 years, and provides beneficiaries with access to prescription drug coverage and more choices in health care. For the first time in Medicare's history, a prescription drug benefit will be offered to all Medicare beneficiaries to help them afford the cost of their medicines.

Since 2001, President Bush has:

- Guaranteed access for all Medicare beneficiaries to affordable prescription drug coverage and more choices under Medicare:
  - President Bush signed into law legislation that will make Medicare prescription drug coverage available to 41 million seniors and people with disabilities, beginning in 2006;
  - Six months after the President signed into law the historic Medicare Prescription Drug, Improvement, and Modernization Act of 2003, seniors started saving 15% to 30% off the usual retail price of most brand name medicines and 30% to 60% on generics by signing up for Medicare-approved drug discount cards. Research by the Centers of Medicare and Medicaid Services (CMS) has found that these cards are consistently providing better prices than large on-line drug sources;
  - Low-income beneficiaries also are receiving \$600 this year – and a total of \$1,200 over the next 18 months – to help them purchase their medicines at discounted prices before the permanent Medicare drug benefit takes effect in January 2006. In addition to this assistance, many major drug manufacturers are offering “wrap-around” discounts to beneficiaries who exhaust their subsidy, making many of their drugs available for a small monthly fee of \$5 to \$15.

The President's 2005 Budget focuses on implementing Medicare reform and keeping a commitment to seniors by helping them afford the medicines they need.

- Since June of this year, four million seniors have begun saving on their prescription medicines through Medicare-approved drug discount cards. Those with low incomes are saving more, using \$1,200 in subsidies over the next 18 months to buy their drugs at discounted prices:
  - Beginning in 2006, seniors without coverage will be able to join a Medicare-approved drug plan in exchange for a modest monthly premium of about \$35. Those currently without coverage can cut their yearly drug costs roughly in half. In many cases, the savings will be even greater;
  - Seniors with no drug coverage and monthly drug costs of \$200 will save more than \$1,700 on drug costs each year. Seniors with no drug coverage and monthly drug costs of \$800 will save nearly \$5,900 on drug costs each year;
  - This new benefit will provide the greatest help to those in greatest need. Low-income beneficiaries will receive much more generous coverage at a reduced premium, or no premium at all. Regardless of a beneficiary's income, Medicare will cover 95% of the cost of prescription medicines once annual drug spending exceeds \$3,600;

- Low-income seniors will receive additional help paying for their medicines, both through the drug cards and in the permanent benefit that begins in 2006:
  - Low-income seniors who sign up for the Medicare prescription drug discount card are eligible to receive \$600 a year – \$1,200 over the next 18 months – to help them buy their medicines at discounted prices. More than 7 million low-income beneficiaries may qualify, and for millions of low-income beneficiaries, these savings translate into 30% to 70% or more reductions in drug costs;
  - Beneficiaries who qualify for the low-income credit will receive the entire \$600 amount no matter when they sign up in 2004, and a pro-rated amount depending on when they sign up in 2005. Any of the \$600 credit not used in 2004 will be carried over in their account for use in 2005;
  - Beginning in 2006, there will be no premium, no deductible and low co-payments (\$2 for generic or \$5 for brand-name drugs) for Medicare beneficiaries with limited savings and incomes at or below 135% of poverty (individuals with yearly incomes under \$12,123 and senior couples under \$16,362);
  - There will be reduced premiums, a \$50 deductible, and 15% co-insurance (85% of their drug costs will be covered) for Medicare beneficiaries with limited savings and incomes between 135% and 150% of the Federal poverty level (individuals with yearly incomes under \$13,470 and senior couples under \$18,180);
  
- All consumers are saving from steps to bring safe, lower cost generic drugs to market sooner. The President took steps last year to bring generic versions of drugs to market sooner, and the Medicare Modernization Act expanded on those efforts, which are estimated to save American consumers about \$35 billion over the next 10 years; and
  
- Seniors will also get more choices and better benefits under strengthened and improved Medicare:
  - Under the legislation, seniors will get more choices in health care coverage—including the same types of choices that members of Congress and other Federal employees enjoy. Moreover, they will receive better benefits including better coverage of preventive care (e.g., a “welcome to Medicare” physical that will include appropriate screening, as well as immunizations against pneumonia and the flu);
  - Seniors will also have access to private health plans that offer protection against high out of pocket costs for medical care, and services such as disease management and care coordination. The legislation also helps ensure that seniors who like the lower cost sharing and extra benefits often available in managed care plans will continue to have that option.

For Other Information About the President’s Accomplishments and Proposals:

#### **FY 2005 Budget**

Department of Health and Human Services: <http://www.whitehouse.gov/omb/budget/fy2005/hhs.html>

#### **Health Care**

The White House: <http://www.whitehouse.gov/infocus/healthcare/>

#### **Medicare**

The White House: <http://www.whitehouse.gov/infocus/medicare/>

