



## ***BETTER BENEFITS – MORE CHOICES***

*Good News about the Medicare Prescription Drug, Improvement  
and Modernization Act of 2003!*

### ***Big Savings Available on Generic Drugs Through Medicare-Approved Drug Discount Cards***

- ❖ A new study by the Centers for Medicare & Medicaid Services (CMS) has found that Medicare beneficiaries using the discount drug card can save between 46 and 92 percent on many commonly used prescription brand drugs through the use of generic drugs.
- ❖ The savings come from two sources: first, as part of the Medicare-approved Drug Discount Card program, Medicare now provides personalized information to beneficiaries on the availability of less expensive generics for their prescription drug needs; and second, Medicare drug cards provide substantial new price discounts on generic drugs.
- ❖ By calling 1-800 MEDICARE or going on the web at [www.medicare.gov](http://www.medicare.gov), beneficiaries can find out if generics are available for the brand drugs they take and how much they can save by using generics.

**“Generic drugs are just as safe and effective as brand-name drugs in the United States, and these drugs cost even less with the Medicare-approved drug cards,”** Health and Human Services Secretary Tommy G. Thompson said.

**“We are taking important steps toward our goal of prescription drug affordability by providing personalized assistance to help seniors find out when generic drugs, and this study shows that buying generic drugs through Medicare-approved drug discount cards can save a significant amount of money,”** said CMS Administrator Mark B. McClellan, M.D., Ph.D.

- ❖ This information can become an important source of drug savings, because more than half of prescriptions in the United States are for generic drugs today, yet use of generics by seniors has lagged behind other groups. According to one previous study on this topic, savings of up to \$14 billion per year in drug costs are possible using generics at the high rates that many Americans with private prescription drug insurance do.
- ❖ The analysis also compared prices for five generic drugs under the Medicare-approved drug discount cards to national average retail pharmacy prices for the same generic drugs.
- ❖ It showed discounts of about 39 to 65 percent below the average generic prices paid by all Americans, including those who receive price discounts through their public and private health insurance. Discounts of usual retail prices for generic drugs are even larger.
- ❖ By finding out about generic drugs and by getting the substantial price discounts, the analysis found that beneficiaries with Medicare-approved discount cards who switch to generic drugs can save 46 to 92 percent compared to what they would pay for brand-name drugs.
- ❖ Generic drugs are regulated by the Food and Drug Administration (FDA) to assure that they work the same way as the brand-name versions and meet the same standards of safety, effectiveness, and manufacturing.

- ❖ Generic versions of a brand-name drug are functionally identical to the brand name drug. When approved by the FDA, a generic drug contains the same active ingredient, and the same strength, dosage, and labeling as the brand name version for the approved indications.
- ❖ But generics generally cost about 70 percent less – and generic drug prices are generally substantially lower in the United States than in other developed nations, according to the report. And the substantial additional price discounts available on generic drugs through the Medicare-approved cards provide further savings.
- ❖ Over 55 percent of the 209 drug classes for which discounts are available through Medicare-approved drug cards include generic versions. The availability of generic drugs is expected to increase in the coming years, as the Medicare Modernization Act also included changes in the so-called “Hatch-Waxman” law to speed up the availability of generic drugs when patents on brand-name drugs expire. In just the next 12 months, patents are likely to expire on dozens of brand-name drugs, including widely used drugs such as Amaryl and Glynase for diabetes, and Prevacid for stomach ulcers.
- ❖ The large savings on generic drugs available through Medicare-approved drug cards complement the savings of 11 to 18 percent below the average prices actually paid by all Americans, for brand-name drugs – with larger savings available on mail-order drugs.
- ❖ In addition, beneficiaries with limited incomes can get \$600 in direct financial assistance in 2004 and again in 2005, as well as further discounts on many brand-name drugs. The easiest way to find out about your savings with through the new drug card program is to call 1-800-Medicare or to visit [www.medicare.gov](http://www.medicare.gov) anytime. Beneficiaries calling this toll-free number will be asked their zip code, their drugs and doses. If they may qualify for the \$600 in additional assistance, they will have to supply basic income information.
- ❖ If beneficiaries have additional special preferences – such as whether they want to use a local pharmacy, how far they are willing to travel to get a prescription filled, or if they prefer to order by mail, Medicare will provide them with information about what they would pay for their drugs, based on their personal circumstances and preferences. Beneficiaries who call can also get the information they need in a personalized brochure mailed to them the next day. Then, signing up for a card requires only filling out a two-page form or calling the card sponsor’s 800 number.
- ❖ Through savings on both brand name and generic drugs, the cards (which cost at most \$30 for the year, with some free) usually pay for themselves in the first month or two for beneficiaries without good drug coverage now.
- ❖ CMS has added many new operators at 1-800-MEDICARE and, as a result, reduced the wait times considerably. Now, at most times, waiting time is well under 10 minutes. The Medicare customer service representative can review the caller’s drug needs and find out about how to get the most out of the drug card program in under 15 minutes on average.