



Santa Clara County  
DEMOCRATIC PARTY

## The Democratic Party:

### The Party That Created Medicare For America's Seniors

The Bush Administration Betrayed America's Seniors:  
Medicare Prescription Drug Benefit An Empty Promise

That's why today I'm unveiling a new Compact with America's Seniors that will be a building block for the initiatives seniors can count on . . . My Compact with America's Seniors says the Greatest Generation should be able to count on Medicare and Social Security, on affordable prescription drugs, on quality options for long-term care. You've earned it."

— [Democratic Presidential Nominee John Kerry](#)

#### [Democrats Created And Defend Medicare For America's Seniors. Bush Delivers Empty Medicare Promise.](#)

In 1965, over 80% of House and Senate Democrats voted to create the federal Medicare program for our nation's seniors. Only 50% of Republicans voted for Medicare; many Republican leaders including Senator Bob Dole voted against it. Long before the 1960's and all the way since, the Democratic Party leadership has created and provided programs — such as Medicare — Americans need for basic well-being.

According to a 2000 CNN article, "President Clinton, who had offered Republicans a deal to boost the drug coverage in exchange for tax cuts elsewhere, said, 'the bottom line is their plan is designed to benefit the companies who make the prescription drugs, not the older Americans who need to take them.'"

In 2003, over 80% of Republicans supported the Bush Administration's corporate-written Medicare prescription drug plan that places our Seniors prescription drug benefits into the hands of private pharmaceutical companies. This corporate-written plan doesn't guarantee pricing, prohibits Medicare from negotiating best prices for medicines, and doesn't guarantee necessary drugs will be or remain on any government-subsidized plans. The Bush Administration's Medicare Prescription Drug Plan is made possible through disenfranchising America's Seniors while enriching the pocketbooks of Bush's campaign contributors.

In contrast, 80% of Democrats rejected this shameful campaign blowback that transfers Medicare's prescription drug plan to private companies.

[[Legislative History: Vote Tallies for Passage of Medicare in 1965](#); "House Passes GOP Prescription Drug Bill," [CNN](#), 6/28/03; "Senate Passes Medicare Bill," [CNN 'Inside Politics](#),' 11/25/03; "Arm-twisting Wins 220-215 Medicare Vote," [Washington Times](#), 11/23/03]

"These [Medicare] reforms are the act of a vibrant and compassionate government."

George W. Bush, [CNN](#), 12/8/03

That's what Bush said. It's not what his Medicare prescription drug plan does.

## How Bush's Medicare Drug Plan Betrays America's Seniors

- Requires Seniors To Leave Traditional Medicare For Prescription Drug Coverage
- Drug Benefit Has A 'Big HOLE,' Seniors Left 'Holding the Bag'
- Bars Seniors From Purchasing Medigap Insurance
- No Guaranteed Coverage For Necessary Prescriptions
- Allows Companies – Anytime -- To Change Drug Coverage. Restricts Changing Companies To Only Once a Year, Even if Company Drops Necessary Drug(s)! No Help For 'Out-of-Pocket' Costs for Non-Covered Drugs
- Offers Subsidies to Corporations But Doesn't Require Employers To Retain Retiree Coverage
- Bans Medicare from Negotiating Drug Prices, Prohibits Importing Canadian Drugs
- Increases 'Out-of-Pocket' Costs for Millions of Seniors on MEDICAID

## Democrats Defend Seniors Medicare Program

- On behalf of America's Seniors, 80% of Democrats Rejected Bush Administration Gift to Pharmaceutical Industry. Republicans? Over 80% of them supported Bush's Gift to Pharmaceutical Industry

## John Kerry's Compact with the Greatest Generation

### JOHN KERRY: CHOOSING SENIORS OVER PHARMACEUTICAL COMPANIES

- RE-IMPORTING PRESCRIPTION DRUGS
- NO 'SPECIAL INTEREST' PROVISIONS: MEDICARE CAN NEGOTIATE PRESCRIPTION PRICES
- HELP STATES NEGOTIATE DISCOUNTS ON PRESCRIPTION DRUGS
- DISCLOSE EXCESSIVE PROFITS OF PHARMACY "MIDDLEMEN"

"And now that the Greatest Generation is getting older, I think it is the responsibility of all Americans to make sure we do our part for America's seniors. You have earned the best of America – and we need to make sure you get the protection and health care you deserve."

[Democratic Presidential Nominee John Kerry](#)

## [How Bush's Medicare Drug Plan Betrays America's Seniors](#)

- [Requires Seniors To Leave Traditional Medicare For Prescription Drug Coverage](#)  
“[I]n order to get . . . coverage (Seniors) must either leave the traditional Medicare program and join a Medicare Advantage plan (this replaces the failing Medicare + Choice program that replaced the failed Medicare HMO program) or buy a stand-alone policy from a private ‘Plan Sponsor.’ The private ‘Plan Sponsor’ is either an insurance company licensed in the state or a company that meets the solvency standards established by the Centers for Medicare and Medicaid Services (CMS).” [“What Older Americans Should Know About the Medicare Law,” [Alliance for Retired Americans](#); “20 Things You May Not Know About the Medicare Act of 2003 But Should,” [Center for Medicare Advocacy, Inc.](#), 1/15/04]
- [Drug Benefit Has A ‘Big HOLE,’ Seniors Left ‘Holding the Bag’](#)  
Seniors could pay nearly \$4,000 in annual drug costs alone BEFORE the MORE SUBSTANTIAL BENEFIT kicks in. The Bush plan, which becomes totally implemented in 2006, charges Seniors \$420 a year in premiums plus a \$250 annual deductible. Then, Seniors pay an additional \$500 for the first \$2,850 of approved covered prescriptions. When approved covered prescription costs exceed \$2,850 a year, the Bush plan PAYS NOT ONE PENNY until Seniors pay the next \$2,250 out-of-pocket. This is what is being called the ‘donut hole’ since the Bush plan provides nothing in the middle of the plan. Once the approved prescriptions reach \$5,100, then Seniors pay 5% of the costs. [“Seniors Sweat Drug Bill Details,” [Atlanta Journal Constitution](#), 1/4/04]
- [Bars Seniors From Purchasing Medigap Insurance](#)  
Bush plan legally prohibits Seniors from purchasing Medigap insurance to pay drug costs not covered by Medicare. [“Some Sound Alarm Over Drug Law’s Fine Print,” [Boston Globe](#), 12/29/03]

### No Guaranteed Coverage For Necessary Prescriptions

“[C]ompanies need cover only two drugs for each ‘therapeutic class,’ or general illness, and could choose the lowest cost or least effective drugs. For example, a patient might desire the popular cholesterol drug Lipitor, but a drug provider might decide only to cover other, less expensive medicines.” In other words, patients are not guaranteed any plan will pay for drugs they need. A doctor might have to prescribe a drug for a general ailment rather than for the patient’s specific condition. [“Some Sound Alarm Over Drug Law’s Fine Print,” [Boston Globe](#), 12/29/03]

Allows Companies – Anytime -- To Change Drug Coverage. Restricts Changing Companies To Only Once a Year, Even if Company Drops Necessary Drug(s)! No Help For ‘Out-of-Pocket’ Costs for Non-Covered Drugs

The Bush Prescription Drug Program requires Seniors to stay with a plan for an entire year even if the plan drops the drugs they need. However, Bush’s program allows companies to change, at any time, the drugs their plan covers. In other words, Seniors can end up paying premiums on plans that fail to provide the very drugs for which they chose the plan in the first place. Not only will Seniors be out the \$35/month of premium payments, but also they will be paying the full price for prescription drugs the plan no longer covers. These additional expenses will not count toward the total annual out-of-pocket expenses on any of the prescription plans. [“20 Things You May Not Know About the Medicare Act of 2003 But Should,” [Center for Medicare Advocacy, Inc.](#), 1/15/04; “Some Sound Alarm Over Drug Law’s Fine Print,” [Boston Globe](#), 12/29/03]

- [Offers Subsidies to Corporations But Doesn’t Require Employers To Retain Retiree Coverage](#)  
The Bush Medicare prescription drug plan offers subsidies to, but does not require, employers to retain their retiree coverage. “[E]mployers in recent years, citing costs, have dropped or cut back on insurance coverage for retirees. Only 21 percent of large employers still offer medical coverage to Medicare-eligible retirees, down from 40 percent 10 years ago . . .”

“Seniors who lose benefits from former employers may suffer a big drop in coverage -- getting Medicare coverage of just 45 percent, on average, of their drug spending, compared with typical employer coverage of 75 percent,” according to Ken Thorpe, an Emory health policy expert. [“Seniors Sweat Drug Bill Details,” [Atlanta Journal Constitution](#), 1/4/04]

- [Bans Medicare from Negotiating Drug Prices, Prohibits Importing Canadian Drugs](#)

The Bush Plan legally bans Medicare from negotiating lower costs for drugs. However, the U.S. Department of Veterans and the Medicaid program uses its substantial purchasing power to lower the cost of drugs for its patients. [“20 Things You May Not Know About the Medicare Act of 2003 But Should,” [Center for Medicare Advocacy, Inc.](#), 1/15/04]

The Bush Plan bans importing drugs from Canada and other foreign countries, thus giving domestic pharmaceutical companies no incentive to lower drug prices. [“Analysis: Changing the Medicare Drug Deal,” [UPI](#), 12/2/03]

Democrats introduced legislation to overturn the ban on drug negotiation and importation. No Republican legislator has given his/her support. According to conservative newspaper Washington Times, “The Bush administration’s view -- backed by a Republican majority in both the House and Senate -- is . . . would it hurt pharmaceutical companies. [“Analysis: Changing the Medicare Drug Deal,” [UPI](#), 12/2/03]

- [Increases ‘Out-of-Pocket’ Costs for Millions of Seniors on MEDICAID](#)

Millions of low-income seniors and disabled citizens will have to pay more for their prescription drugs than they currently do under Medicaid. Plus, private plans can deny them drugs their doctors have prescribed and Medicaid currently covers. [“Statement by Robert Greenstein,” [Center on Budget and Policy Priorities](#), Dec. 8, 2003]

### [Bush Plan Wrong Prescription: Democratic Presidential Nominee John Kerry](#)

“The Medicare prescription drug benefit deal reached by Republicans is a raw deal for America’s seniors and a big windfall for the big drug companies. It makes a dangerous move towards Medicare privatization with new provisions to force seniors into private HMO’s and higher premiums for those who stay in traditional Medicare. It undermines benefits for those who have retiree coverage today and does nothing to contain the spiraling costs of prescription drugs. And at the same time they are hurting seniors, the Bush Administration manages to reward prescription drug companies with a plan that will increase their profits by \$139 billion. Hard-pressed seniors need a real affordable prescription drug benefit that puts them ahead of the multi-billion dollar drug companies that fund George Bush’s campaign. This is the wrong prescription.”

— Democratic Presidential Nominee John Kerry  
[Statement on Reported Medicare Prescription Drug Deal](#)

## Democrats Defend Senior's Medicare Program

- 80% of Democrats Rejected Bush Administration Gift to Pharmaceutical Industry. Republicans? Over 80% of Them Supported Bush's Gift to Pharmaceutical Industry

Republicans overwhelmingly supported the Bush Administration's corporate-written prescription drug bill. In the Senate, 80% of Republicans supported Bush's bill and 84% of House Republicans voted to support privatizing Medicare's prescription drug coverage. In contrast, 80% (190) of House Democrats and 80% (35) of Senate Democrats voted to reject privatizing Medicare's prescription drug plan. ["Senate Passes Medicare Bill," [CNN 'Inside Politics,'](#) 11/25/03; "Arm-twisting Wins 220-215 Medicare Vote," [Washington Times,](#) 11/23/03]

President Clinton, who had offered Republicans a deal to boost the drug coverage in exchange for tax cuts elsewhere, said, "the bottom line is their plan is designed to benefit the companies who make the prescription drugs, not the older Americans who need to take them." ["House passes GOP prescription drug bill" [CNN](#) 6/28/00]

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## Kerry's Compact with the Greatest Generation: Affordable Prescription Drugs.

John Kerry's "[Compact with the Greatest Generation](#)," guarantees Seniors the protection they've earned – and deserve -- for Social Security and Medicare. John Kerry will help seniors afford their medications as well as long-term care.

### JOHN KERRY: CHOOSING SENIORS OVER PHARMACEUTICAL COMPANIES

John Kerry will fight to allow Medicare to negotiate better prescription prices he'll also fight to allow reimportation so seniors can get safe, affordable prescriptions. Kerry will strengthen drug coverage – not make it worse. He will also make sure seniors can choose their doctors and won't be forced to join HMOs.

**RE-IMPORTING PRESCRIPTION DRUGS:** A recent study found prescription drug prices in Canada were 33% to 80% cheaper than prices for the same drugs in the U.S. The U.S. pharmaceutical industry charges Americans the highest prices for prescription drugs in the world, while reaping record-breaking profits. George W. Bush's priority is guaranteeing profits for pharmaceutical companies, not helping Americans to be able to afford necessary, even life-saving medicines.

John Kerry's Priorities:

- Allow Re-importation: Give Americans Access to Cheaper Drugs. Re-importation is the practice of importing prescription drugs originally manufactured in the U.S. and exported for sale in another country. Most often, Americans re-import drugs by filling their prescriptions in Canadian or Mexican pharmacies, either in person, or through mail-order or Internet pharmacies. John Kerry will allow individuals, pharmacists, wholesalers, and distributors to reimport FDA-approved prescription drugs at lower prices.

Call on Bush Administration to Help States Start Re-importation: Despite obstacles raised by the Bush Administration, several state Governors are working to make re-importation available. For instance, it's estimated the state of Illinois can save about \$91 million through reimportation. John Kerry is calling on George W. Bush to immediately approve state pilot programs to help re-import quality drugs. In addition, Kerry says Bush should direct the FDA Commissioner to provide guidance to states to assure they set up a safe re-importation system, including a state-sanctioned website, a phone number(s), and identifying necessary safety precautions.

### NO 'SPECIAL INTEREST' PROVISIONS: MEDICARE CAN NEGOTIATE PRESCRIPTION PRICES.

Seniors often pay higher drug prices because they lack leverage to negotiate more affordable drugs. President Bush's Medicare program expressly prohibits the government from negotiating for lower drug prices on behalf of Medicare beneficiaries. Why? This is a special interest provision to increase pharmaceutical industry profits. As President, Kerry will ensure the government can negotiate lower prescription drug prices for America's seniors. Kerry will:

- Change the Law so Medicare Can Negotiate Better Prices. John Kerry believes seniors should not pay the highest prices just so pharmaceutical companies can make higher profits. He will change the Medicare program so the Federal government can negotiate better prices for prescription drugs.
- Direct HHS Secretary to Assure Medicare Gets Discounts in Every Part of the Country. When dealing with the pharmaceutical industry, Medicaid gets a "set discount" of about 20%, and the Veterans' Administration program negotiates discounts of about 40%

discounts on prescription drugs. As President, Kerry will direct his Secretary of Health and Human Services to make sure all U.S. seniors receive at least the 20% discount and Medicare does not pay more than the private sector in any region of the U.S.

**HELP STATES NEGOTIATE DISCOUNTS ON PRESCRIPTION DRUGS:** Americans without drug coverage pay at least 50% more for the same medication as their insured neighbors because they do not get the benefits of bulk purchasing. Some states have tried to extend the same discount for Medicaid patients, only to have the Bush Administration join the pharmaceutical industry to fight these efforts. As President, John Kerry will help states to provide bulk purchasing discounts for Medicaid patients. Kerry will also give states incentives to implement more efficient contracting to obtain better rates for prescription drugs.

**DISCLOSE EXCESSIVE PROFITS OF PHARMACY “MIDDLEMEN”:** Pharmacy Benefit Managers (PBMs) process hundreds of millions of pharmaceutical claims per year and manage drug benefits for more than 200 million Americans. In addition to bulk purchase discounts drug manufacturers typically pay PBM’s billions of dollars in extra fees. For example, drug companies pay extra to ensure their products get on formularies, for financial rebates (to assure they get a higher market share), and extra money for assembling data to help drug companies exploit consumers. PBM’s receive huge profits, but they don’t pass profits on to make drugs cheaper. John Kerry’s plan requires PBM’s who do business with the Federal government to clearly show profits they are receiving.

“My dad was a member of the Greatest Generation that achieved victory in World War II. This was the generation that saved the world from fascism, came home and built the great American middle class, led the way in the civil rights movement, protected our environment, and created great programs like Medicare.”

Democratic Presidential Nominee John Kerry  
[Compact with the Greatest Generation](#)

“And now that the Greatest Generation is getting older, I think it is the responsibility of all Americans to make sure we do our part for America’s seniors. You have earned the best of America – and we need to make sure you get the protection and health care you deserve. . .

“That’s why . . . I’m unveiling a new Compact with America’s Seniors that will be a building block for the initiatives seniors can count on . . . My Compact with America’s Seniors says that Greatest Generation seniors should be able to count on Medicare and Social Security, on affordable prescription drugs, on quality options for long-term care. You’ve earned it.”

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