

FRIDAY ALERT



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Prescription Drug Rebate Savings Don't Reach Medicare Beneficiaries

Drug makers, health insurers, and pharmacy benefit managers continuously negotiate on rebate programs for prescription drugs. However, new research has found that these price negotiations can [often drive up](#) the price of drugs for Medicare beneficiaries, according to *The Journal of the American Medical Association* and *The Wall Street Journal*.

While Americans with private health insurance plans benefit from these negotiated rebates, Medicare Part D requires that beneficiaries pay a percentage of the drug's list price that does not include the rebate amount. Medicare beneficiaries will therefore pay a higher amount.

The median out-of-pocket cost paid for a prescription drug by a Medicare beneficiary [increased](#) from \$79 in 2011 to \$117 in 2015. This causes beneficiaries to fall into Medicare's "doughnut hole" coverage gap faster, requiring them to pay an even higher out-of-pocket share of the cost. Incorporating the rebate price into Medicare's calculations, or allowing Medicare to negotiate the price of drugs as health insurers do, would reduce costs and save both Medicare and individuals large sums of money.

"In the richest country in the world, it is incredible that many seniors have to choose between food and medicine," said **Robert Roach, Jr.**, President of the Alliance.

"Many prescription drugs are simply unaffordable to seniors and the complicated behind-the-scenes rebate negotiation process only harms seniors further," he added. "This is why we insist that Medicare be given the authority to negotiate drug prices for all of its beneficiaries to truly save money for seniors."

Health Care Bill Beginning to Take Shape in Senate Despite Deep Divisions

This week GOP leaders' staff in the Senate [began to draft](#) their own version of the House-passed American Health Care Act (AHCA). The draft language is intended to stimulate discussion and compromise among the Republican Caucus on how to move forward with health care legislation. The Congressional Budget Office (CBO) score of the AHCA, which revealed that the bill would cause 23 million Americans to lose their insurance, put more pressure on GOP senators to write a new bill.

Senate Majority Leader **Mitch McConnell** (KY) has said that it will be difficult find 50 votes in the Senate to pass legislation but that he is committed to trying. No Democrats are expected to support the legislation, and there are deep divisions in the GOP Caucus regarding the level of Medicaid funding and whether to protect those with pre-existing conditions. There is not yet a consensus on what the new bill should contain but dangerous ideas are being floated, such as new taxes on all employer-provided benefits.



Mary Elia, Joelle Fishman, and Edie Fishman of the Connecticut Alliance for Retired Americans said their goal is for people in the streets to oppose the AHCA. (Photo courtesy of *New Haven Independent*)

Health care premiums would rise dramatically for those with pre-existing conditions, according to the CBO. The AHCA decimates the Medicaid insurance program with more than \$800 billion in cuts, and the outlook isn't much better for those who qualify for Medicare, since the bill robs the Medicare Trust Fund to provide unneeded tax breaks for millionaires and billionaires.

"We will not be fooled into complacency and assume that the Senate will never agree to health care language," said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. "We will continue to put pressure on all Senators who believe that health care is a privilege, not a right."

Polling Data Reveals Strong Disapproval for GOP Health Care Bill

Almost a month after House Republicans passed the AHCA, it remains to be seen what the Senate thinks of the bill, as their discussions have [remained in the dark](#). The public's opinion on the bill, however, is no secret, and early polling is not promising for the AHCA's defenders.

"What is most clear from the polling is that Americans are not happy with the bill the way it is, as only 8 percent of respondents think the Senate should pass the bill in its current state," said **Richard Fiesta**, Executive Director of the Alliance. "The polling shows that the American people aren't going to fall for the GOP's tricks. The polls, like the CBO score, are clear. This is a bad bill."

The Kaiser Family Foundation [recently released the results](#) of a number of polls it has conducted about the bill, with 55 percent of respondents viewing the AHCA unfavorably and 31 percent viewing it favorably. Those who dislike the bill feel much stronger than those who support it, with 40% of respondents finding the AHCA "Very unfavorable" and 12% finding it "Very favorable."

The results come after the release of the much-anticipated Congressional Budget Office (CBO) score for the bill, which found that the AHCA would leave [23 million Americans uninsured](#) in the next decade, inflicting extra harm on older Americans and those with pre-existing conditions.

New Medicare Cards to Protect Against Identity Theft

Centers for Medicare and Medicaid Services (CMS) officials [announced](#) that they are on schedule to create new Medicare cards in 2019. The redesigned cards will no longer have users' Social Security numbers on them.

The agency is expected to begin mailing out 57 million new cards to elderly and disabled beneficiaries with randomly generated digits and letters starting next April. In order to prevent identity theft and fraud, Congress had set a deadline of April 2019 for all beneficiaries to have new cards. More information about the transition can be found [here](#).

The new Medicare cards can be used as soon as they are received, and beneficiaries are instructed to destroy their old cards when they receive them. Social Security numbers printed on cards has been identified as a key vulnerability that could expose seniors to identity fraud. Seniors are increasingly the target of such fraud, with 2.6 million incidents recorded between 2012 and 2014. Having a Social Security number stolen can have serious, immediate financial and legal consequences that take months and even years to untangle.

“We applaud this effort to protect seniors’ financial security,” said President Roach. “It is essential that Medicare beneficiaries obtain their cards without having to worry about identity theft.”