Medicare Prescription Drug Benefit
John Bulger, D.O.
Osteopathic Heritage Health Policy Fellowship
June 16, 2003
Abstract

Medicare beneficiaries need access to prescription drugs to ensure high quality care at a reasonable cost. The lack of a Medicare prescription drug benefit causes a decrease in compliance with prescribed drugs, higher out-of-pocket drug expenses, a lessened likelihood of use of effective medications, and higher rates of other services.

Employer-sponsored plans provided about a fourth of Medicare prescription drug coverage in 1999, but this number is shrinking as companies attempt to control costs. Medicare+Choice, Medicaid, and Medigap coverage is shrinking, too. Almost forty percent of seniors have no coverage.

The Congressional Budget Office (CBO) projects that Medicare beneficiaries will spend $1.8 trillion, or nearly fifty percent of total Medicare spending of $3.9 trillion between 2004 and 2013. Given the role of prescription drugs in health care, it is essential that we also take into account the cost of inaction. One study estimates reducing the amount of time that passes before patients seek prescription drug treatment from 15 years to 5.5 years will increase prescription drug spending per medical condition by $18 for the entire population, but will lower other medical spending by $129.

It is critical that we plug a large gap in access to quality medical care for our elderly and disabled. The Medicare Modernization and Prescription Drug Act of 2003/H.R. 1 and the Prescription Drug and Medicare Improvement Act of 2003/ S.1 begin the process of modernizing Medicare in a socially and fiscally responsible way.