

Committee on Ways and Means

For Immediate Release
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Drug Prices Drop for Seniors

Transparency and Competition Drive Down Costs; Increase Savings

WASHINGTON – Today, the Ways and Means Committee released an updated report showing America’s seniors can benefit from lower drug prices if they use a Medicare drug discount card.

“In the three short weeks www.medicare.gov has been comparing drug costs among discount cards, transparency and competition have worked to drive down those prices,” said Ways and Means Chairman Bill Thomas (R-CA).

“As advertised, the discount cards will save seniors money on the cost of their drugs,” said Chairman Nancy Johnson (R-CT), of the Ways and Means Health Subcommittee. “Medicare drug cards are now offering prices below retail, and even below those offered on Internet sites. If a senior chooses to use mail order, the savings can be even bigger.”

As part of an ongoing analysis, the Committee has been charting the progress of prescription prices since the comparison of drug cards first became available on April 29, 2004 on www.medicare.gov.

“Medicare’s public posting of drug prices on their web site represents one of the first times health care costs of any kind could be easily accessed and compared by patients. This is a revolutionary change,” Thomas said. “We’re closer today than we’ve ever been to developing an empowered consumer.”

The analysis looks at discount cards for a basket of the 10 drugs most often used by seniors in five states. These parameters were first used in an analysis by Democrat Rep. Henry Waxman.

For more details about the Ways and Means analysis on the Medicare drug discount cards, please see the document and chart to follow this press release.

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Medicare Drug Discount Cards

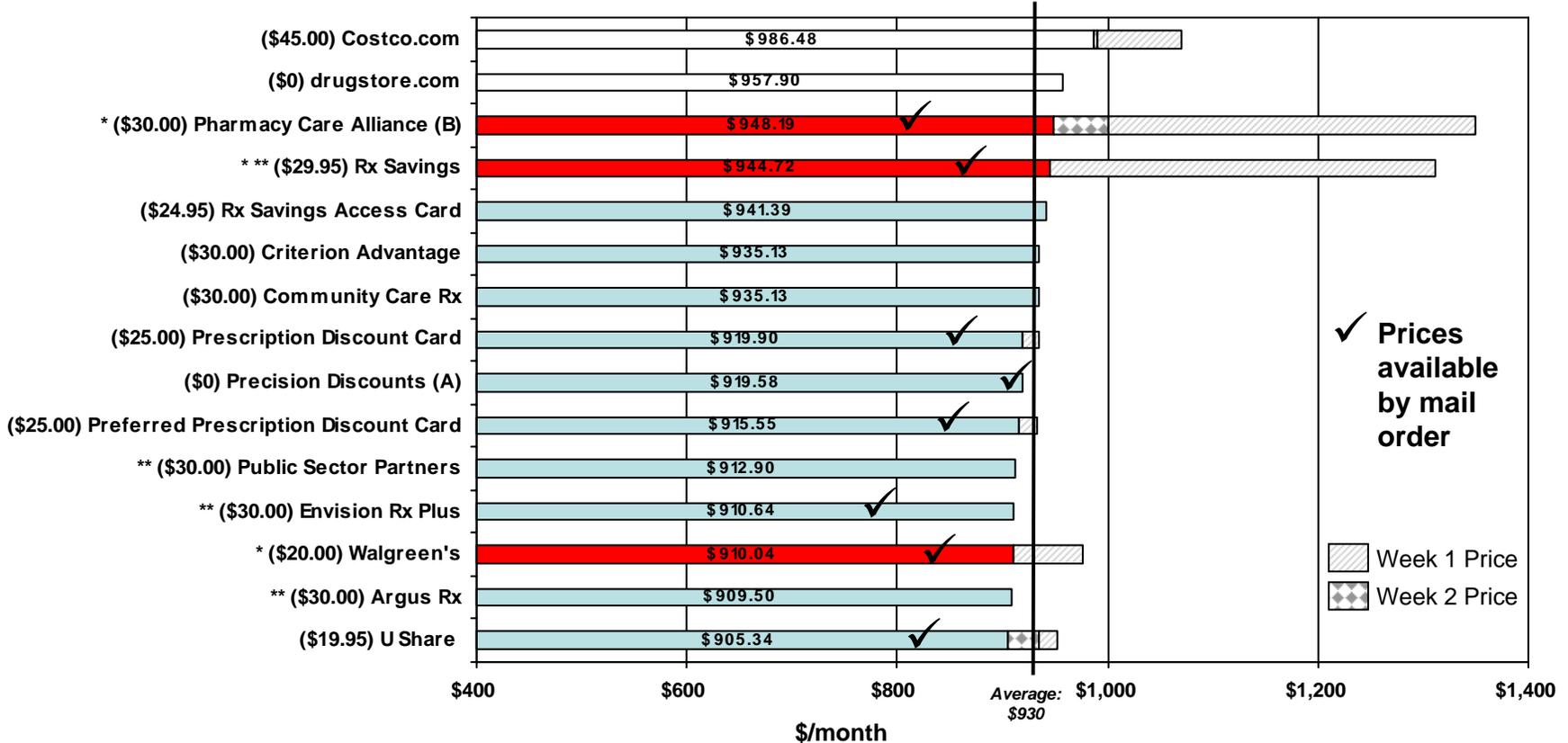
Week 3: Findings from an Analysis by the Ways and Means Committee

- Transparency and competition among drug discount cards is continuing to lower prices, which will result in significant savings for seniors.
- 13 national cards currently have prices below those available over the Internet through drugstore.com or Costco.com.
 - On its website, drugstore.com is comparing its prices to those available from a so-called “Medicare Card.” In making this comparison, it is calculating a national average price from all cards as of May 1, 2004.
 - Given the large difference in prices among cards and the price reductions that have occurred in recent weeks, this is not a valid comparison.
- Two cards saw reductions in prices this week, compared to last week: Pharmacy Care Alliance (reduction of \$53) and U Share (reduction of \$30).
- Three cards were added to the chart because their prices were among the lowest in these markets: Rx Savings Access Card, Community Care Rx, and Criterion Advantage.
- Mail order prices (indicated by check marks) are even lower and are more directly comparable to the service provided by drugstore.com. As the chart indicates, this option can provide even greater savings for those seniors who are comfortable using mail order.

Chart comparing drug card prices to follow next.

WEEK 3: Comparison of Retail Prices Available Through Medicare Prescription Drug Discount Cards

Selected National Cards



Cards and prices available as of May 18, 2004 at www.medicare.gov

- Amounts in parentheses are annual enrollment fees for cards. Costco.com requires a membership fee.
- Monthly costs based on a basket of 10 drugs: Aricept, Celebrex, Fosamax, Lipitor, Nexium, Norvasc, Plavix, Prevacid, Protonix, and Zocor
- Prices evaluated for markets in New Mexico, Ohio, Pennsylvania, Washington, and Washington, DC.
- Prices for Walgreen's, Argus Rx, and Pharmacy Care Alliance are averages of lowest prices available in each of the 5 selected markets. Lowest prices for all other cards are the same across all 5 markets.
- * Denotes card mentioned by Rep. Waxman
- ** Denotes cards that had small price increases from Week 2 to Week 3 (ranging from \$0.54 to \$2.15)