



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

House Compromise Would Let Medicare Negotiate Drug Prices

EDWARDSVILLE, IL, August 13, 2009 -The government would be authorized to negotiate prices in Medicare's prescription drug program under an agreement struck by Energy and Commerce Committee members on their health overhaul bill.

Under the package deal, the committee will vote on three amendments:

The first would require a government-run insurance plan created by the bill — the so-called “public option” — to negotiate payments with health providers, instead of setting rates at 5 percent above the Medicare payment level.

The second amendment, according to a summary of the agreement, would make a number of less controversial changes to the bill, including a requirement that the public plan use a “formulary” to control its drug cost.

The third amendment would authorize the Department of Health and Human Services (HHS) to negotiate drug prices paid by Medicare.

According to one lawmaker, insurers selling policies through a new “exchange” created by the bill would be required to request permission from the government before increasing their premiums faster than the rate of medical inflation.

Some lawmakers are concerned that trimming subsidies for low-income citizens, as required under the first amendment, would mean that some people could not afford plans offered in the exchange. The hope is to help mitigate that problem by generating savings through the second and third amendments.

Vicki Rolens, managing director for the Federation of American Consumers and Travelers (FACT), says: “If the recent proposals concerning health care and Medicare seem confusing, that’s because they are! There’s been such a spate of ideas from so many corners of Washington that we can’t find a single source who can explain them -- or their potential impact on consumers -- to us. About all FACT can do at this point is publish information as it comes to light, along with a warning that this information is based upon proposals which are often too vague to have meaning and too convoluted to comprehend.”

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This news release is issued as a service of the Federation of American Consumers and Travelers (FACT). FACT was formed under the not-for-profit corporation laws of the District of Columbia in 1984, and currently serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#), [scholarships](#) and [consumer information](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.

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