

**CAMPAIGN FOR AMERICA'S FUTURE**

**TAKE BACK AMERICA 2006**

**MONDAY, JUNE 12, 2006**

**WASHINGTON HILTON HOTEL  
WASHINGTON, D.C.**

**2:15 P.M. -3:45 P.M.    PROGRESSIVE AGENDA  
FOR THE COMMON GOOD**

**SPEAKER:**

**REPRESENTATIVE JAN SCHAKOWSKY (D-IL)**

*Transcript by:  
Federal News Service  
Washington, D.C.*

REPRESENTATIVE JAN SCHAKOWSKY (D-IL): (Cheers, applause.) Thank you. Thank you so much. It's a pleasure to be back.

I want to first thank Roger Hickey and Bob Borosage and everyone at the Campaign for America's Future for putting this amazing conference together. For a member of Congress like me, it's downright therapeutic. So I thank all of you.

And I can tell you, our future looks good. Change is in the wind. Can you feel it? (Cheers, applause.) All right!

I also want to thank Jacob Hacker for his great work. His book, "Off Center," has a whole section on how the Part D drug benefit came into being, and you should check it out at his book signing.

It's important for -- well, before I start, I just want to say, the title of my section is called, "The Drug Fix." Now, I know if I were in a marginal district, you can just see the ad on television - - "SCHAKOWSKY talks to progressives about the drug fix" -- you know? (Laughter.) But I'm going to take a risk anyway and go for it!

It's important for all of us to understand Part D because it is the shape of what the Bush administration, the Republican Congress, the pharmaceutical companies, and the insurance industry have in store for all of us. If you like the privatized Part D, you'll like their plans for health care. And if you don't, we need to get busy.

Some say the "D" in Part D stands for "disaster." The New England Journal of Medicine says the "D" is for "defective." But for anyone who has expected an affordable prescription drug benefit in Medicare, the "D" stands for major "disappointment."

Seniors and people with disabilities desperately need a drug benefit that meets three tests. One, it's affordable; two, it covers the drugs they need; three, it's in Medicare. Part D actually should be "Part F" because it flunks all three.

First, affordability. The Republican Part D benefit actually prohibits Medicare from negotiating with the drug companies for discounts, like the Veterans Administration and large employers do today. Instead of using economies of scale and bulk-purchasing principles, Part D embodies the, quote, "Let's make sure the drug and insurance companies can profit at consumers' expense" principle. In fact, it was the pharmaceutical companies that insisted that this language be inserted in the legislation.

The pharmaceutical industry is free to charge whatever it wants. Part D drug benefits started on January 1st, 2006, and in the first two months, the average price of the 10 most popular drugs used by seniors rose 4 percent. In just two months, those drug prices rose 25 percent more than they did in all of 2005. Part D drug prices are 80 percent higher than the prices negotiated by

the Veterans Administration, and 60 percent higher than the prices in Canada. No wonder the drug companies fought so hard against negotiation.

Instead of lowering drug prices, Part D shifts the cost onto the backs of senior citizens and the disabled, who now face the infamous "doughnut hole." Now, for those of you unfamiliar with Part D, this is not a tasty treat I'm referring to. (Laughter.) It's a \$2,850 coverage gap, a gap that's not found in my insurance plan, and probably not in yours, if you're lucky enough to have one. But under Part D, once your total drug cost hits \$2,250, you have to pay 100 percent of the next \$2,850 in drug costs out of your own pocket before the insurance kicks back in again.

Dorothy Berger (sp) of Urbana, Illinois, has already fallen into the doughnut hole's coverage gap. She went to her pharmacy, Private Part D plan card in hand, to get her monthly pain patch. This is what she said:

"I had my \$10 out to pay \$8 for the patch. The pharmacist says, "No, it's \$489 and some change." Dorothy says, "This system is terrible, and that's all there is to it. Whoever dreamt this up must have had a rock between their ears." (Laughter.)

Well, Dorothy, they may have had rocks in their heads, but they have lots and lots of money in their pockets. The drug and insurance companies hired 952 lobbyists to pass Part D -- almost two lobbyists per member of Congress. Not a bad investment. The top seven health insurers alone, including AARP, who supported this legislation, are projected to increase revenues by \$4.45 billion this year.

Tom Scully, the former Medicare director, also has money in his pocket. While he was negotiating the Part D bill for the Bush administration, he was negotiating for employment with the health industry.

Billy Tauzin, former chairman of the Energy and Commerce Committee, on which I sit, also helped write Part D. Now he's head of PhRMA, the drug industry association, where he reportedly earns \$2 million a year.

And those who voted for this bill also benefited. In the election cycles immediately before and after passage of Part D, the drug industry gave \$47.2 million in campaign contributions -- 71 percent to Republicans. The Bush campaign got over \$3 million from 21 health industry executives. Just another reason why we need to pass clean money, clean elections, so public financing -- (cheers, applause) -- for congressional campaigns.

Now the second test: Do you get access to the medications once you need? And once again, a failing grade. Under Part D, each private drug company decides what drugs to cover. And guess what? A lot of senior citizens and people with disabilities aren't getting the medications they need.

In the first quarter of 2006, the first three months of implementation, 770,998 prescriptions were not filled because the drugs were not covered by Part D plans. In each instance, a doctor

decided a medication was medically necessary, a senior citizen or disabled person took their prescription to the pharmacy, and the prescription came back "Claim Denied."

Ninety-seven percent of all Part D private plans require prior approval or step therapies for many medications they don't cover. In case you're not up on the jargon, prior approval means the private insurance company has to sign off in advance. And step therapy means you have to try every cheaper drug before they let you have the drug your doctor prescribed.

Another barrier is volume limits. Your doctor prescribes 60 pills, but the private drug plan will only approve 30 pills, not just more costly, but a huge problem for frail, elderly or disabled people who can't easily get to a pharmacy.

Part D private drug plans impose those barriers, but according to a report issued by the House Government Reform Democratic staff, two-thirds of those plans can't explain how those mechanisms work when you or your doctor actually call for help.

Here's what the wife of a quadriplegic went through when she tried to get prior authorization for his drugs last month:

One day I called and spoke with eight supervisors in the Pharmacy Review section, and every single one gave me a different answer. They just give whatever answers come out of their mouth. Meanwhile, my husband is waiting with his breath held for their answers. I cannot imagine someone being very ill or very old and confused and beginning to try to get through the maze on the phone menu.

Finally, Part D flunks the third test. It's not in Medicare where it belongs. You can't use your Medicare card to get drug benefits. You have to purchase a private drug plan or join an HMO. Medicare works, as you've heard from Jacob Hacker. It's a shining example how a publicly-financed and publicly-accountable system can promote and protect the common good. So why can't seniors and disabled people get their drug benefits through Medicare? Because it won't let drug and insurance companies make out like bandits and because it contradicts the Republican privatization theology.

If you want a vivid example of how privatization works, just talk with your parents or grandparents who have been struggling to navigate the dozens and dozens of private Part D plans and ask them whether they're looking forward to navigating them again next fall and the fall after that and the fall after that, as private Part D plans leave the market -- enter the market or change the drugs they offer and the prices they charge. Then ask them if they wouldn't rather have a drug plan in Medicare that is guaranteed year after year, simple, affordable, and safe. (Applause.)

You know, I see the stop sign. But I just want to tell you, you know that Michael Leavitt, secretary of HHS -- his parents signed up for the plan. He said it went great. They had to end up switching plans because that plan would have jeopardized their entire retirement benefits -- very confusing.

My colleagues Marion Berry, Tom Allen and I think this is -- that we have a much better idea. We've introduced the Medicare Prescription Drug Savings and Choice Act; Senator Durbin sponsored the Senate version. Our bill is simple -- provide a Medicare-administered prescription drug plan, require that Medicare negotiate for discounts, use the savings to fill in the doughnut hole.

So I hope that you will be pushing for this bill. We have a discharged petition on the bill signed by 175 members. Speaker Hastert won't let us debate our bill, but we can force a vote if we can get 218 members to sign our discharged petition in the Congress.

We can win this fight, and when we do, we will not just improve Part D but enhance our chance of winning Medicare for all. Medicare works, which is one reason it is in the Republicans' line of fire. The Republicans didn't want to a Medicare benefit because they knew it would be better and more popular than private insurance.

Medicare says that we are all in it together and we're better off. The Republican Part D Benefit says we're all in it alone and senior citizens and disabled people are worse off. To keep Medicare from being the foundation for universal health care, they're trying to destroy Medicare so it can't be a model for anything.

But just like we beat them back on Social Security and will continue to do so, we will defeat their attempts to privatize Medicare. (Cheers, applause.) We will -- we will fight for and win health care that's affordable for consumers and taxpayers, not a profit-making opportunity for drug and insurance companies. We will fight for and win health care that lets doctors and patients, not insurance companies, decide what medications and what medical services we need. We will fight for and win universal health that builds on proven effectiveness and proven accountability of Medicare, and we will win our fight by electing Democratic, progressive members to Congress who will fix Part D and set the course to achieve Medicare for all. Change is in the wind!

Thank you. (Cheers, applause.)

(End of remarks.)