

Emerging \$80B deal would help fund Medicare drugs

June 20 2009, By DAVID ESPO , AP Special Correspondent



FILE - In this April 2, 2009 file photo, Senate Finance Committee Chairman Sen. Max Baucus, D-Mont., left, and the committee's ranking Republican Sen. Charles Grassley, R-Iowa talk on Capitol Hill in Washington. (AP Photo/Susan Walsh, FILE)

(AP) -- Medicare beneficiaries would receive better drug coverage and a portion of President Barack Obama's health care legislation would be paid for under an emerging agreement involving the pharmaceutical industry, the White House and key lawmakers.

Several officials said Friday night that agreement on the \$80 billion deal was close, and one said it had been sealed.

Any agreement would mark a major triumph for Sen. Max Baucus, D-Mont., as well as the administration. The chairman of the Senate Finance Committee has been negotiating with numerous industry groups for weeks as he tries to draft legislation that meets Obama's goal of vastly expanding health coverage, has bipartisan support and does not add to the deficit.

It would also counter a recent series of stumbles that, while common with any major legislation, have contributed to the impression that the drive to enact health care legislation was sputtering.

Officials said the 10-year proposal under discussion would have drug companies pay as much as half of the cost of brand-name drugs for lower and middle-income seniors in the so-called doughnut hole.

Medicare patients with incomes up to about \$80,000 would realize some benefit. The term "doughnut hole" refers to a feature of the current drug program that requires beneficiaries to pay the entire cost of prescriptions after initial coverage is exhausted but before catastrophic coverage begins.

Additionally, officials said any agreement would reduce anticipated payments for the pharmaceutical industry under government-run health programs such as [Medicare](#) and Medicaid. The government would use those savings to help pay for legislation expanding [health insurance](#) to millions who now lack it.

Ken Johnson, senior vice president of the Pharmaceutical Research and Manufacturers of America, or PhRMA, said Friday night, "We remain committed to comprehensive health care reform and we are still in discussions with the administration and congressional leaders about ways we can make a positive contribution to this important effort."

The disclosure of negotiations came near the end of an up-and-down week for the administration and its allies on [health care](#).

Congressional Budget Office estimates showed early versions of two major Senate bills were either too costly or failed to make a large enough dent in the ranks of the uninsured. Republicans seized on the reports as evidence that Democrats were losing traction.

They leapt again when it was disclosed that House Democrats were considering a wide array of tax increases to finance their legislation, including an income tax surcharge, a tax on employers based on the size of their payroll and a value-added tax, a form of a national sales tax.

House Democrats on Friday unveiled draft legislation they said would cover virtually all of the nation's nearly 50 million uninsured but it came without a price tag or an indication of how it would be paid for.

Major provisions of the 850-page measure would impose new responsibilities on individuals to obtain coverage and on employers to provide it. It also would end insurance company practices that deny coverage to the sick and create a new government-sponsored plan to compete with private companies.

Speaker Nancy Pelosi has said she hopes the legislation can clear the House before lawmakers leave for their annual August vacation.

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