



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 17, 2007  
(Senate)

## STATEMENT OF ADMINISTRATION POLICY

### S. 3 – Medicare Fair Prescription Drug Price Act of 2007

(Sen. Reid (D) NV and 14 cosponsors)

The Part D Medicare Prescription Drug Benefit has been a strong success. The Medicare Part D program is delivering even better benefits and at an even lower cost than originally estimated because competition between plans means that seniors can choose the coverage that best meets their needs at the most affordable price. More than 39 million Medicare beneficiaries now have drug coverage, either through Medicare or another source. This represents about 90 percent of all Medicare beneficiaries.

The Administration strongly opposes S. 3, which would repeal the prohibition against Federal government interference in negotiations between Part D plans, pharmacies, and drug companies for lower Part D drug prices. The Congressional Budget Office estimates that S. 3 would have a negligible effect on Federal spending and provide no substantial savings to the government or Medicare beneficiaries.

S. 3 would impede competition and reduce convenience for beneficiaries. Private competition is reducing prices for seniors, providing a wide range of choices, and leading to a better environment for the development of new drugs.

If S. 3 were presented to the President, he would veto the bill.

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