



NEWS

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Herger Opposes Government Price Negotiating in Prescription Drug Program

Cites hidden impacts on seniors, local pharmacies

(WASHINGTON, DC) - Congressman Wally Herger today voted against H.R. 4, legislation that would mandate that the federal government negotiate prescription drug prices under Medicare (Medicare Part D). Herger objected to the measure because evidence suggests this will not save seniors money on their prescription drugs. Additionally, he is concerned that the bill could ultimately restrict seniors' access to lifesaving drugs, and curtail pharmacy access. Herger made the following comment regarding his opposition to the measure:

"The Medicare Prescription Drug program is based on free market principles that have succeeded in pushing premiums and drug prices down," Herger stated. "Seniors are saving an average of \$1,200 a year since the program took effect. Not surprisingly, the overwhelming majority of seniors enrolled in Medicare Part D are satisfied with the program. That is why I oppose a new government mandate that is unlikely to reduce prescription drug prices, but would likely reduce choices for seniors."

The Congressional Budget Office (CBO) recently estimated that H.R. 4 would not save any money because the federal government will be unable to negotiate lower drug prices than those already achieved by market-based competition. Any money saved would result not from the government negotiating prices, but setting price controls. Experience shows that price controls don't work. In practice, they could limit the ability of prescription drug plans to offer important drugs through Medicare, preventing seniors from obtaining these life-saving medicines. In addition, the cost of some drugs would likely increase for other consumers, including veterans and low-income families on Medi-Cal.

"I believe price controls would be a disaster for both Medicare beneficiaries and the general public," continued Herger. "I am especially concerned about the potential effects on access to life-saving medicines for many senior citizens, including those suffering from cancer, HIV/AIDS, and mental illnesses. This measure would lead to the removal of protections for Medicare access to these drugs. I'm also concerned that, under this bill, Medicare could reduce reimbursements to pharmacists, making it impossible for many seniors to get their prescriptions filled at their local pharmacy."

Herger concluded, "Competition and choice have helped make Medicare Part D a major success. Therefore, Congress should not instruct the government to intervene in this program and turn its success into an inevitable and unpopular failure. I will also continue to strongly advocate for further reforms in the larger Medicare program so it will be sustainable for future generations."

For more information, please visit <http://www.house.gov/herger> on the Internet!

Below is the text of Congressman Herger's speech in opposition of H.R. 4. Video and audio can be accessed at: <http://www.house.gov/herger/images/CWHMedicarePartD1-12-7.rm>

Thank you, Mr. Speaker. I rise in strong opposition to H.R. 4. The fundamental question in today's debate is what produces better results: the free market, or the federal government? Medicare Part D was founded on a belief that free markets get results. It's a system in which private companies compete with each other to meet the needs of our senior citizens. These private companies negotiate with drug manufacturers to get lower prices. And the results have been impressive.

When the Congress created Part D, we expected that the average premium to be around \$35 a month. Yet thanks to the power of competition and free markets, Medicare beneficiaries actually paid an average of \$24 per month, and that number is going down to \$22 in 2007.

Mr. Speaker, I hope we can stop and think about what that means. In every other area of health care, costs are rising far faster than inflation. Where else have we seen an actual decrease in health care costs?

At the same time, we can also see the results of a system in which the government imposes price controls, as today's legislation basically proposes. In Canada, a government-run health care system has resulted in long waiting lists for medical care and a mass exodus of talented physicians. In our own country, our brief experiment with price controls in the 1970s ended with disastrous gasoline shortages.

Mr. Speaker, I hope this Congress will consider the results and vote for the system that gets proven results. I urge my colleagues to soundly reject this legislation.

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