

Reports: Drug prices rise under Medicare plan



By Susan Heavey

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Prices for some of the most popular medicines used by seniors have jumped an average of 4 percent under the new Medicare drug benefit since it began last month, according to a report released on Tuesday.

The report, released by the Democratic staff of the House of Representatives Government Reform Committee, found prices for Pfizer Inc.'s pain reliever Celebrex, Merck Inc.'s cholesterol drug Zocor and eight other top drugs offered by 10 major plans rose during the controversial program's first seven weeks.

In some cases, drug prices rose 10 percent, it also found.

The report looked at plans offered by Aetna Inc., Humana Inc., Medco Health Solutions Inc. and senior consumer group AARP, which offers its plan with UnitedHealth Group Inc..

"The private insurers offering the new Medicare drug plans are not providing seniors and individuals with disabilities with low drug prices," it said, adding the rise outpaced inflation as well as drug price increases found via drugstore.com and in Canada.

Under the voluntary program, Medicare's elderly and disabled beneficiaries can choose from dozens of plans offered by health insurers and others that administer health care plans called pharmacy benefit managers.

Industry groups and Medicare officials have said that allowing private companies to provide the benefit, rather than the government, gives consumers more choices and helps lower prices through competition.

Those who sign up pay a portion of their drug costs as well as monthly fees that are waived for low-income participants.

Medicare spokesman Peter Ashkenaz dismissed the findings, citing rising wholesale prices and other factors. "The increase that we saw doesn't reflect any response to the new Medicare program," he said.

Pharmaceutical Care Management Association spokesman Phil Blando, whose group represents pharmacy benefit managers, criticized the report for excluding generic drugs as well as those available through mail-order, which some plans offer.

He said benefit managers were "doing their part" to negotiate lower prices from drug makers. Earlier this month, his group found prices under the Medicare plan were 35 percent lower than retail.

Tuesday's report found Caremark Rx Inc.'s Silverscript Plus plan raised prices 10.2 percent. Under Humana's Standard PDP plan, prices rose 3 percent, while they rose 4 percent under AARP's Medicare Rx plan.

Of the 10 plans reviewed, Avantra's RX Premier plan was the only one to cut prices, an average of 1.1 percent.

A second report, also released by committee Democrats, found current prices offered by plans are higher than those offered during the last two years with Medicare's temporary drug cards.

Representatives for the plans did not have immediate comment.

California Democrat Rep. Henry Waxman (news, bio, voting record), who requested the reports, said the findings show prices

are too high under the benefit.

"The Medicare drug bill was written to enrich the drug companies, not to provide seniors with a cost-effective new benefit," said Waxman, who has also requested a congressional investigation into drug company profits from the program.

Some consumer groups were also stung by the findings.

"It's just wrong that somebody who takes the trouble to compare the prices of the various plans ... and signs up for a plan, then finds out when they show up at the pharmacy that the prices are different," said Paul Precht, policy director for the Medicare Rights Center.

Patients can switch plans once a year. There is no limit on companies' ability to change prices.

Both reports come as the Bush administration aims to get Medicare's 42 million beneficiaries to sign up for the program. So far, 3.6 million have joined voluntarily while about 20 million were enrolled automatically from other programs.

On Wednesday, Health and Human Services Secretary Mike Leavitt is expected to release new enrollment figures.

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