

Democratic members of Congress have proposed reforms of the Medicare drug benefit that could save the average senior almost \$500 per year and eliminate the donut hole, without any increased costs to the taxpayer.

A new report released by Rep. Waxman finds that under Democratic proposals:

- **Almost 14 million Medicare beneficiaries could save over \$60 billion in premiums, copays, and other out-of-pocket drug costs.** Democrats have proposed allowing the Medicare program to negotiate for lower drug prices, which could reduce prices by 25% or more. There are 8.7 million Medicare beneficiaries nationwide enrolled in Medicare drug plans who pay their own premiums and copays, and they could expect average savings of almost \$500 annually if Medicare negotiated for 25% lower drug prices. The total savings over the next decade for these beneficiaries would be \$61 billion. If beneficiaries enrolled in Medicare HMOs received similar discounts, the total savings over the next decade would be \$96 billion.

- **Over six million Medicare beneficiaries could avoid the “donut hole.”** Drug benefits under standard Medicare drug plans end once beneficiaries have used \$2,250 worth of drugs and do not begin again until they have used over \$5,100 worth of drugs. The latest estimates indicate that 6.2 million beneficiaries nationwide will hit the donut hole this year, resulting in average out-of-pocket costs of \$1,700 per beneficiary. Democratic reform proposals in Congress would provide enough savings to eliminate or significantly reduce the size of the donut hole.

- **Over one million Medicare beneficiaries could avoid hundreds of dollars in penalties.** Enrollment in the Medicare drug program has been well below expectations, with over four million Medicare beneficiaries failing to sign up with a Medicare drug plan prior to the May 15, 2006, deadline. An estimated 1.1 million of these beneficiaries are now subject to lifetime penalties that could cost each individual almost \$500 to over \$1,000 over the next decade. Democratic reform proposals would give these beneficiaries an opportunity to participate in a Medicare drug plan without these unnecessary penalties.

Documents and Links

- [Benefits of Proposed Democratic Medicare Drug Program Reforms](#)