



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: Kaiser Family Foundation study on Medicare drug discount cards  
Da: Wednesday, July 28, 2004

Today the Kaiser Family Foundation released a study confirming that the Medicare-approved drug discount cards offer real savings on prescription drugs compared with the retail prices paid by cash customers. The study authors found that all seven of the Medicare card programs offering the most substantial discounts in two representative Maryland locations had prices that were significantly less than those reported by the Maryland Attorney General as typical retail prices. The Kaiser study tracked drug pricing on a weekly basis for a set of 10 drugs most commonly prescribed for Medicare beneficiaries and seven discount card programs. Kaiser study findings:

- All seven of the card programs had prices that were significantly less than those reported by the Maryland Attorney General as typical retail prices.

- A Medicare beneficiary purchasing at retail one of the 10 drugs sampled would save between 8 percent and 61 percent for a drug, with the precise level of savings dependent on the specific drug, card program, and location of the pharmacy.

- Savings on brand products were less in terms of percentage than generics but more in actual dollars. For example, the highest percentages in savings – 61 percent and 89 percent -- were for a generic, furosemide, which retails in urban Maryland at \$9.04 to \$10.89 for a 30-day supply.

- In addition to the savings from retail prices, using the Medicare drug card to obtain mail order discounts for a 90-day supply provides even greater savings for the sample of drugs over the Maryland Attorney General's reported prices, providing savings of 23 percent to 89 percent, depending on the product, the card program, and the location.

These findings are consistent with the ongoing monitoring and analysis performed by the Centers for Medicare and Medicaid Services. Sen. Chuck Grassley, chairman of the Committee on Finance and a chief architect of the new improvements to Medicare, made the following comment on today's study.

“This report shows once again that the Medicare discount card program is a good deal for seniors and Americans with disabilities who don't have drug coverage today.

“I’ve had my staff checking on the Medicare drug card prices in Iowa. We’ve found sustained, double-digit savings for combinations of popular drugs. For example, a woman in Des Moines taking Toprol XL for blood pressure and Lipitor for cholesterol would save 24 percent off the retail price she would otherwise pay at her local pharmacy. Further, if the income of this woman and her spouse falls below \$16,862 she would immediately qualify for \$600 of temporary assistance for both this year and next year. With the combination of discounted drug prices, transitional assistance and additional manufacturer assistance provided to beneficiaries who exhaust their \$600, she would save more than 85 percent over the course of the program. That’s nothing to sneeze at.”