

For Immediate Release
February 17, 2004

For More Information Contact:
Matt Russell 515-277-5077, ext. 15

Statewide Coalition Counters Grassley's Enthusiasm for New Medicare Law

Des Moines/February 17, 2004— Iowa Citizen Action Network announces today that they are participating in a campaign to repeal and replace the new Medicare law. The statewide coalition of farming, labor, environmental, community, faith, and senior organizations is working with similar coalitions in other states to repeal and replace this law that puts the profits of insurance companies and pharmaceutical manufacturers ahead of the health care needs of seniors and people with disabilities.

“It’s a sham,” said **Betty Ahrens, co-executive director of ICAN**. “Members of congress high-jacked the effort to provide a prescription drug benefit. They used the momentum to pass a law that fails to bring down the cost of prescription drugs, that drives people away from traditional Medicare and into HMOs, and that offers a benefit that subsidizes insurance companies but offers people with Medicare weak and extremely confusing prescription drug coverage.”

Senator Grassley and other proponents of the new law have sold half truths about the voluntary nature of participation, not damaging traditional Medicare, creating choice through HMOs, and bringing down the cost of prescription drugs by contracting with hundreds of pharmacy benefit managers or PBMs.

ICAN points out that the new benefit delivers steep premium penalties to people who fail to sign up for the benefit during their initial enrollment period. Further, the law encourages the privatization of Medicare by subsidizing HMOs and private drug plans while preventing the benefit under traditional Medicare except as a last resort in regions where no private plans come forward. Finally the law actually prohibits the Medicare program from using the collective purchasing power of 44 million Medicare participants to leverage better prices from pharmaceutical manufacturers. Instead, this law will pay hundreds of PBMs to negotiate for hundreds of groups of seniors. By chopping up the Medicare market, this law will guarantee that prescription drug prices will continue to rise much faster than general inflation.

“The way this law is written, it guarantees that the already weak benefit will quickly become weaker as drug prices continue to skyrocket and seniors fall into the doughnut hole where they get no help with their drug costs yet continue to pay monthly premiums,” said **Ed Rethman, a retired school teacher living in rural Dallas County**. “If I were selling insurance or prescription drugs, I’d be delighted by this law. But as I look at this law as someone who has to have insurance and has to buy prescription drugs, I’m outraged.”

Ed Rethman, Matt Russell (ICAN health care organizer), & retired and senior members of ICAN will be attending Sen. Grassley’s informational meeting today at the State Historical Building and will be available for comment. Betty Ahrens can be reached for telephone interviews at 319-354-8116.

###