

**Allen Amendment #2**  
**Prescription Drug Card price must be at least as low as the average foreign price**

**Summary:**

This amendment would ensure that seniors using the Medicare Prescription Drug Discount Card provided under the bill would receive the lowest price for drugs. It would require that the price at which a pharmacy buys covered out-patient drugs from a participating prescription drug manufacturer is no greater than the average foreign price. Average foreign price is based on the average price the manufacturer realizes on the same drugs sold in Canada, France, Germany, Italy, Japan, and the United Kingdom.

**The amendment will:**

**Allow Medicare beneficiaries to purchase prescription drugs at low prices.** Pharmacies will be able to purchase prescription drugs for Medicare beneficiaries at the drugs' low "average foreign price." Medicare beneficiaries could realize as much as a 40 percent savings on brand-name drugs.

**Guarantee real savings for Medicare beneficiaries who use the Medicare prescription drug discount card.** In 2001, GAO conducted a study on existing drug cards found that the typical savings was approximate 10 percent off retail prices, not the 10-25 savings the Administration claimed the card could achieve.

**Eliminates unfair price discrimination.** This bill ensures a level playing field. It eliminates unfair price discrimination and gives U.S. pharmacists the ability to purchase drugs at the average price paid in other developed nations. These lower drug prices will make prescription drugs more affordable to Medicare beneficiaries.

**Talking Points:**

Studies in congressional districts across the nation have shown that drug manufacturers engage in widespread price discrimination. Seniors and others without insurance for prescription drugs are forced to pay twice as much for their drugs as consumers in foreign nations and the drug manufacturers' most favored U.S. customers, such as health insurers, health maintenance organizations, and the federal government. For some drugs, seniors must pay over ten times more than such customers.

This price discrimination has devastating effects on older Americans. Although they have the greatest need, senior citizens without prescription drug coverage must pay the highest prices in the world for drugs. As a result of these high prices, millions of senior citizens are forced to choose between buying food and paying for the medications they need.

This amendment will protect senior citizens from drug price discrimination and make prescription drugs available to Medicare beneficiaries at substantially reduced prices. The legislation achieves these goals by allowing pharmacies that serve Medicare beneficiaries to purchase prescription drugs at the average price that the drugs are sold in other developed nations.