

# Prescription Drug Proposal Spurs Bidding

On Hill, Both Sides Call Bush Plan Underfunded

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Both Republicans and Democrats in Congress are assailing President Bush's strategy to help the elderly afford prescription drugs, with the political parties in rare agreement that the administration wants to devote too little money to solving one of the main problems in the nation's health care system.

Believing that voters are eager for the federal government to lessen the burden of rising pharmaceutical costs on elderly Americans, key lawmakers in both chambers have entered a bidding war.

Each party is recommending drug subsidies far beyond the \$190 billion for the coming decade that Bush included in the budget he sent to Congress this month. The most expensive proposals, being circulated by Senate and House Democrats, could cost more than \$700 billion.

Lawmakers in both chambers still are drafting legislation, but it is evident that the parties -- and the White House -- disagree how many older people deserve such federal help, how soon that assistance should begin and -- ultimately -- how much the government can spend.

Those disagreements -- which have bedeviled congressional attempts to add drug benefits to Medicare for several years -- have been heightened by the reemergence of federal budget deficits and by election-year politics, according to lawmakers and policy analysts.

Democrats acknowledge that the GOP has whittled their historic advantage with voters on many social issues, leaving prescription subsidies one area in which Democrats believe they retain an edge with the electorate this year.

Still, administration officials and some lawmakers say they believe Congress will find a way to satisfy public demand for drug coverage this year. Others say such optimism is unrealistic.

The odds of a prescription drug law this year are "probably less than 50-50," said Sen. John Breaux (D-La.), a congressional leader on Medicare and usually one of the Senate's optimists about Congress's ability to modernize the federal health insurance program for the elderly.

The addition of drug coverage would be the most profound change the government has made to Medicare since the program's creation four decades ago.

In a feature that is widely viewed as outdated, the program covers prescription drugs dispensed in a hospital but not those taken at home. Some Medicare HMOs contribute toward drug costs. Other Medicare patients supplement government insurance with private health plans, but about 1 elderly person in 3 must pay all the cost of medications.

This is the second consecutive year that lawmakers of both parties have been unreceptive to Bush's ideas for how to provide help. Last winter, Congress spurned a White House proposal, called "Immediate Helping Hand," which would have given subsidies for four years to states that run their own programs that assist poor, elderly people with prescriptions.

Lawmakers said they feared that method would drain momentum from broader legislative efforts to revise Medicare, including by offering drug benefits to all older Americans.

Last summer, Bush amplified his Medicare proposals, recommending changes that would cost \$190 billion over eight years. In this year's budget, the administration has said it is including the same amount, but the \$190 billion would be spread over 10 years.

The new plan includes a different strategy to help states that run their own drug subsidy programs: a \$77 billion initiative that could be used for elderly people with incomes of up to 150 percent of the official poverty level -- about \$17,000 for a family of two.

Now that this proposal is eliciting congressional criticism, Bush aides are hinting that lawmakers are being obstructionist.

"At some point, one questions the sincerity of people who have done nothing other than carp about dollar figures for the long term," Mitchell E. Daniels Jr., director of the Office of Management and Budget, said. "The president has had multiple initiatives. . . . He's the only one who really has been acting to try to address this problem."

Daniels said of the proposals being written on the Hill: "I don't think any of them are grounded in any real policy or any real facts."

One reason that the politics of prescription drugs is so gnarled this year is that leading Senate Democrats are divided over what to do. Senate Majority Leader Thomas A. Daschle (S.D.) and a few of the party's other leaders on health care have begun to evaluate a plan costing \$725 billion over 10 years. It would subsidize medicine for any Medicare patient who wanted the help.

But Senate Budget Committee Chairman Kent Conrad (D-N.D.) said yesterday, "The problem with all this is how you pay for it."

Saying he was unwilling to reach deeper into trust funds that soon will be needed to prop up the Medicare and Social Security programs, Conrad said he favored a prescription-drug benefit that would be "means-tested." Such a benefit would allow older Americans to sign up only if they had low incomes or particularly large pharmaceutical costs.

Conrad said he thought the White House's \$190 billion proposal "doesn't really meet the challenge" because it would aid only older Americans with relatively limited incomes -- not middle-class people with extraordinary prescription drug bills.

Republicans appear somewhat more united. House Speaker J. Dennis Hastert (R-Ill.) and Senate Republicans want to spend at least \$300 billion to subsidize medicine for some older Americans during the coming decade.

While they have said Bush's proposal is too meager, GOP leaders agree with the administration on a fundamental point: It makes the most sense to start with a limited benefit that would be aimed at the older Americans with the least money to pay for medicine.

Others Republicans share Democrats' beliefs that a small effort might weaken political resolve to create a more comprehensive one.

"We want a universal program," said Sen. Charles E. Grassley (Iowa), ranking Republican on the Senate Finance Committee. "I think we better do it right the first time."

In the House, which two years ago adopted a prescription drug bill to help poor elderly people, Hastert is urging the Ways and Means Committee to follow a strategy similar to the one Grassley favors: passing legislation that

could be implemented in perhaps three years, when the White House says budget surpluses will return.

For the first time this year, the debate over prescription drugs has included the possibility of reining in the prices charged by pharmaceutical companies -- the fastest-rising portion of health care costs.

Ideas circulating in Congress include means to promote the use of "generic drugs" instead of more expensive brand-name medications, and efforts to discourage manufacturers' direct advertising to consumers.

A Washington Post-ABC News poll last month showed that nearly three-fourths of Americans ages 30 and older believe that Bush and the Congress should give a high priority to helping the elderly pay for medicine.

According to other recent research, people believe drug benefits should be available to all elderly people and should be more generous than even the most expensive plans Congress has considered during the last few years.

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