



UNITED STATES SENATOR
SUSAN M. COLLINS

PRESS RELEASE



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STATEMENT OF SENATOR SUSAN COLLINS
SENATE SPECIAL COMMITTEE ON AGING

“TEN YEARS LATER: A LOOK AT THE MEDICARE PRESCRIPTION DRUG PROGRAM”

MAY 22, 2013

Mr. Chairman, thank you for calling this hearing to highlight how important good prescription drug coverage is to the overall health and well-being of our nation’s seniors. As we approach the ten-year anniversary of the Medicare Modernization Act, which created the Medicare prescription drug program, it is time to examine what is working well and what may need improvement.

Prescription drugs are as important to a Medicare beneficiary’s health today as a hospital bed was in 1965, when Medicare was created. Many patients find their drug regimen protects them from becoming sicker and reduces the need to treat serious illness through hospitalization and surgery.

In stark contrast to the vast majority of insurance policies for the under-65 population, until 2006, Medicare did not pay for most outpatient prescription drugs. I was a strong supporter of the Medicare Modernization Act of 2003, which brought Medicare into line with most private sector insurance plans and expanded the program to cover prescription drugs.

By any measure, the Medicare Part D program has been a tremendous success. It is an important life-saver for millions of Medicare beneficiaries and provides access to critical medications that previously were unaffordable and therefore unattainable.

Now, ninety percent of Medicare beneficiaries have affordable prescription drug coverage, and Part D program costs are dramatically lower – 45 percent – than initial projections. This may be the only entitlement program in history where actual experience has produced much lower costs – for both the government and for beneficiaries than was originally estimated.

To be sure, there was a learning curve and some confusion in the early days of the program. Today, however, nine out of ten seniors say that they are happy with their coverage. It is difficult to get nine out of ten people to agree on anything, and these high satisfaction rates are an endorsement of the program’s success.

There is also increasing evidence that the program is helping to lower seniors’ overall health care costs. A recent study in the *Journal of the American Medical Association* found that implementation of the Medicare

prescription drug program was followed by a \$1200 per year decrease in non-drug medical spending for beneficiaries who previously had limited drug coverage. Another study by Harvard researchers showed that the implementation of Medicare Part D significantly reduced the probability of hospitalization for eight conditions, leading to four percent fewer hospital admissions annually and significant savings.

The Medicare Part D program is extremely popular and is working very well; however, that does not mean that there is no room for improvement. I am concerned by some recent studies showing that many seniors do not choose the least expensive plan that meets their medication needs. These individuals may be overpaying for their coverage. Some seniors also say that they continue to find it difficult and confusing to pick the best plan for their needs.

These findings suggest that some beneficiaries may need more targeted assistance. In response to concerns that many seniors continue to overspend and remain confused by their Part D options, I have joined the Chairman in asking the GAO to examine the accuracy and transparency of plan information given to Medicare beneficiaries. We must make certain that this information is up-to-date, accurate and easy for consumers to use.

Again Mr. Chairman, I want to thank you for all of your work on these issues, and I look forward to the testimony of our witnesses.