



PreSorted Standard  
CAR-RT SORT

## Frequently Asked Questions:

### Q: What is the financial status of Medicare?

**A:** On March 23, 2004, the Social Security and Medicare Board of Trustees issued their annual report on the financial status of the two programs. Both programs face tough times in the years ahead. Because health care costs are rising rapidly, Medicare is in for a particularly difficult challenge.

The biggest challenge to both Social Security and Medicare is the changing nature of our population. Thankfully, men and women are living longer than ever before. With the retirement of the baby boom generation just a few years off, we will have many more people retired and receiving benefits but relatively fewer people working and paying taxes to fund those benefits.

It is very important that the federal government keep the promises it has made to seniors in both Social Security and Medicare. For younger workers, we will need to consider a variety of options so they can have a chance at a successful retirement. All of us will have to discuss the future of these programs honestly without scare tactics to preserve the vital safety net.

### Q: Why won't the government set the price of drugs or at least negotiate with drug companies to set a price?

**A:** Each company offering prescription drug coverage will negotiate with drug companies to get the best rates it can. That competition should help control prices. We have to be wary about giving some Washington bureaucracy the power to set the prices – and ultimately the availability – of drugs. In other countries, governments that have tried to control the prices have ended up hurting the people they were trying to help. For example, a recent study found that the number of new drugs available in Europe has been cut in half in recent years and that patients have to wait 33% longer than patients in the U.S. to get new treatments.

### Q: What about being able to buy drugs from Canada or Mexico?

**A:** I believe that individuals or pharmacies should be able to buy prescriptions from Canada or Mexico. Many others disagree and believe that there is no way to guarantee that such drugs are safe and have not been tampered with.

The Medicare Modernization Act gives the Administration the ability to allow drug imports if they are shown to be safe. So far, the Administration has said it cannot ensure that degree of safety, but is continuing to review the issue. One day, I expect that some imports will be allowed.

### Q: Why do prescription drugs cost so much?

**A:** There are many reasons for the high cost of prescription drugs. Some believe that drug companies take advantage of the situation and sometimes charge unfair high prices. It costs a drug company on average \$800 million and several years of work to develop a new drug and get it to market.

Americans have higher prices than other countries because we have more lawsuits and more regulations. We require more testing before a drug is approved for sale. We allow advertising for prescription drugs which increases the price and the demand.

Obviously there are no simple answers. Our challenge is to control costs and at the same time make sure we continue to benefit from new life-saving and life-enhancing medicines

[www.house.gov/thornberry](http://www.house.gov/thornberry)

#### Amarillo:

905 South Fillmore Street, Suite 520  
Amarillo, Texas 79101  
Phone: (806) 371-8844


#### Wichita Falls:

4245 Kemp, Suite 315  
Wichita Falls, Texas 76308  
Phone: (940) 692-1700

#### Washington:

2457 Rayburn House Office Building  
Washington, DC 20515  
Phone: (202) 225-3706

MAC THORNBERRY  
13TH DISTRICT  
TEXAS

  
Congress of the United States  
House of Representatives

ARMED SERVICES COMMITTEE  
BUDGET COMMITTEE  
SELECT COMMITTEE  
ON HOMELAND SECURITY

Dear Friend,

Last fall, Congress and the President approved the "Medicare Modernization Act of 2003." This bill makes a number of changes in Medicare, some of which begin to take effect this year. The most significant change is that it adds a voluntary prescription drug benefit to existing Medicare coverage.

You may have heard different things about this prescription drug benefit. Some of what you have heard may be inaccurate or incomplete. In this brochure, I try to lay out the essential information and answer some of the most frequently asked questions. I want you to have the straight facts so that you can make the best decisions for you.

The most important fact about the new prescription drug insurance plan is that it is totally voluntary. You do not have to take it; it is up to you. Unlike most other government programs, you will have a choice of plans so that you can choose the plan that best fits you and your situation.

The new benefits will be phased in over the next two years. Some of the benefits, such as the drug discount card, will be available very soon. The full benefit will be available in 2006.

While this brochure might not answer every question you may have, I have tried to provide the basic facts and to include references where further information can be found. I hope you find it helpful.

As always, I am grateful for the opportunity to represent you.

Sincerely,



Mac Thornberry  
Member of Congress



CONGRESSMAN

**Mac Thornberry**

*Facts About the Medicare  
Drug Benefit*

# The **Voluntary** Prescription Drug Benefit

## Benefits Offered Now

From June 2004 until the end of 2005, when the full drug benefit will take effect, private companies will offer drug discount cards that are approved by Medicare. Medicare-endorsed cards must meet certain guidelines. Like other drug discount cards, they will offer discounts on certain drugs.

Several cards will be available, and different cards will offer different discounts on various drugs at different pharmacies. One may be better than another for you. Each card will only work at certain pharmacies.

**These Medicare approved cards are expected to save most people 10-25% on their medicines. They may or may not offer benefits that are better than a drug discount card you may already have.**

Any Medicare beneficiary – except those who already have Medicaid prescription drug coverage – is eligible to buy a discount card. It is totally voluntary. Enrollment for the various cards begins in May 2004, and the cards become effective in June 2004.

A list of cards available to you can be found on the Internet at [www.medicare.gov](http://www.medicare.gov). You can also compare the cost and benefits of different cards there. The same information can be obtained by calling **1-800-MEDICARE**.

If you change your mind, you can switch to a different card between November 15, 2004 and December 31, 2004. You can cancel your card at any time.

Cards will cost no more than \$30 a year. You will pay the sponsoring company directly.

Special assistance is available for people with low incomes, including waiver of the annual fee for the discount card. Those seniors whose income is less than \$12,569 in 2003 (\$16,862 for a couple) will also be able to get up to \$600 per year in 2004 and in 2005 to help pay for drugs, as long as they do not have other drug coverage. Eligibility is based on income, not on assets.

All of the Medicare-approved drug discount cards will expire when the new prescription drug coverage takes effect.

## Benefits Offered Later

**Beginning in 2006, a new Medicare Part D will offer permanent prescription drug insurance coverage. This part of Medicare will be voluntary. There will be several plans from which to choose, and many of the details are being worked out.**

**Each plan will have unique features, but the following basics will apply to each plan:**

- After enrolling in a plan, you will pay a premium of about \$35 a month.
- After you pay the first \$250 of prescription drug costs during a year, Medicare will pay 75% of your drug costs up to \$2,250. If your drug costs for the year exceed \$2,250, at that point you begin paying 100% of your prescription drug purchases.
- However, once your total drug costs exceed a level of \$5,100, the Medicare coverage will then pay 95% of your drug costs.
- Medicare beneficiaries with low incomes – incomes less than 150% of the Federal Poverty Level – and with assets below specified limits will also be eligible for additional help.

**For Further Information on the  
Voluntary Prescription Drug Benefit, contact:**

Medicare Hotline: **1-800-MEDICARE** or visit their website at [www.medicare.gov](http://www.medicare.gov)