

# Summary of the M.E.N.D. Act

## (*M*EDICARE *E*NHANCEMENTS FOR *N*EEDED *D*RUGS)

Introduced by

**Senators Olympia Snowe (R-Maine) and Ron Wyden (D-Ore.)**

### **Improving Bargaining Power to Get Lower Drug Prices for Seniors**

- ❖ Repeals the new Medicare law's language prohibiting the Secretary from interfering in price negotiations, and provides the Secretary with specific authority to negotiate prices.
- ❖ Plans that negotiate reduced drug prices for seniors, in a manner similar to the Department of Veterans Affairs (VA) and the Department of Defense (DoD), would be eligible for an incentive payment based on criteria set by the Secretary of Health and Human Services.

### **Eliminating Barriers to Reimportation**

- ❖ Pharmaceutical companies that restrict supply to foreign wholesalers or pharmacists who sell drugs to Americans would lose their federal tax deduction<sup>1</sup> for advertising costs<sup>2</sup> on any of its drugs. Currently, some drug companies use their power over supply to punish foreign wholesalers and pharmacists who sell to Americans at more affordable prices.

### **Making the Congress a Drug Cost Watchdog**

- ❖ Allows Congress to monitor drug prices through a biannual General Accounting Office (GAO) report to Congress. The GAO report would detail cost increases of the drugs seniors used most commonly. The first report would be due September 1, 2004.
- ❖ Studies biannually the average drug costs and savings to seniors for the 20 most utilized prescription drugs and compare that information to the same drug costs and savings in the private insurance market; the VA; and DoD.
- ❖ Requires the Center for Medicare and Medicaid Services (CMS) to annually post on its Web site a comparison of the cost of participating in a plan and the savings experienced by seniors for each Medicare drug plan within a region and within the whole country. Deductibles and co-payments would be included in the cost to beneficiaries' comparison.

### **Learning from Insurance Commissioners' Experience with Medigap**

- ❖ The National Association of Insurance Commissioners (the state insurance commissioners who regulate Medigap policies) would provide Congress with recommendations about Medigap and drug coverage that Congress can build on.

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<sup>1</sup> Tax breaks for advertising are dollar for dollar – i.e. \$50 million of advertising provides a \$50 million tax deduction.

<sup>2</sup> Advertising costs are defined as direct-to-consumer advertising and any promotional activity to physicians, consumers, or others who have the authority to influence decisions related to drug utilization.