

**Briefing
Press Conference
ENHANCEMENTS TO MEDICARE DRUG DISCOUNT PROGRAM
September 15, 2004**

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SECRETARY THOMPSON: Good morning everybody, I'm delighted to once again have a press conference on the Medicare Modernization Act. As I've said many times the more you have the opportunity to review the Medicare Modernization Act, the more you realize what a good law this really is, how beneficial it's going to be for our seniors all across America.

I am confident that as soon as the election is over come January with the new congress there is going to be almost unanimity in regards to embracing this new law, one in which is certainly going to reduce and almost eliminate the demagoguery that's taken place about this. The more people study it, the drug card, they find that it has certainly been helpful to seniors. It is saving them money and improving their knowledge base about drugs that they are taking, which is very beneficial. I would like to point out, once again, that because of presidential politics there are some accusations that have been made that are just not true. The accusation made was that we somehow intentionally deceived the seniors about an increase in the monthly premiums. Absolutely not true, we have to comply with the law, the Balanced Budget Act that was passed in 1997 and was voted for and supported by John Kerry and most of the Democrats who now are complaining. Also this past year candidate Kerry also voted to increase medical payments, doctor's payments, and also increase the payments for

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Medicare choice which is now called Medicare Advantage and has written letters to the CMS and to the conferees to increase the doctor's payments, which of course are the main reasons for the \$11.60 increase. So once again candidate Kerry voted for something before he was against it. I just want to point that out.

The second thing is that there has been some accusation made that the trustees deliberately kept out a chart, a chart was kept out of the conferees report this past March because of the auditors indicated that a senior was going to save so much more money that it was not a good comparison. It was not the conferees that kept it out, it was a request by the auditors that it was not beneficial anymore. It was not going to give the necessary information because a senior that is above 150% of poverty is going to save \$1,250.00 over and above their expenditures because of the new drug benefit when it starts in 2006. A low-income senior, those making under 150% are going to have upwards to \$3,500.00 saved on their drug purchases. So there's a much bigger savings for every senior and above what the increased co-payment and monthly payment is going to be. So the chart was left out because of the increased amounts that seniors are going to receive is way and above is what the monthly payment is going to be and it's a voluntary thing if a senior wants to do it. I would certainly expect all seniors to do it, if a senior above 150% is going to save \$1,250.00 in

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which they're paying out of pocket right now above their monthly expenditure, I would think that most seniors are going to look at that and say, "That's a very good deal." Especially a low-income senior is going to save \$3,500.00 a year on average. It's going to be a wonderful deal for them, I can't imagine a low-income senior would not take it. I wanted to put those facts out so that the press would once again see that we're not hiding anything, we're communicating and that this Medicare Modernization Act is going to be a very good law for all seniors in America, especially low-income seniors.

Today we have another announcement that we're making to implement but also to go a little bit further. This is something that I have personally requested because I think it's going to do more to educate the press, the seniors, and all citizens across America by trying this comparison. You know I've been talking about this, well today we're going to get it started. We wanted to make sure that it was going to be operational and going to be easily used and that's why it has taken us time to get it up and running. I happen to be very excited about it, because I think as I've told you members of the press that this is going to do more to drive down drug prices than anything else and make people better educated and allow for better competition than we've had before. So I want to thank all of you for coming and I certainly want to thank the Administrator of CMS, Dr. Mark McClellan who is here, who

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is going to talk through how this new system is going to work and I want to thank him very much for being here plus all of his hard work that has gone into making this a reality. I also want to thank the staff at CMS, I see several of them here they have just worked extremely hard to implement the Medicare Modernization Act and they don't get the credit that they deserve. I just would like to publicly thank all of the members from the CMS team for the tremendous amount of hard work they've done in order to make the Medicare Modernization Implementation as successful as it's been.

As you all know that President Bush is absolutely committed to lowering the cost of healthcare for all Americans. Last December he signed, which I have said before is a very good law the Medicare Modernization Act. That's already helping nearly 4.5 million seniors save money on prescription drugs. I'm very happy to see that the Consumer Union has come out and said that these drug cards do save money for seniors. Soon Medicare beneficiaries are going to receive full prescription drug coverage that will cut drugs costs in half for seniors without coverage and those are the one over 150% of poverty. And those under 150% of poverty all the way up to 95% for those under 100%. Today we are here to discuss an additional way for those seniors to save even more, to become better educated. I am delighted to launch a Medicare enhancement to help seniors compare prices and identify the

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lowest cost medicine. With the price information they can work with their doctor to choose the medicine that is right for them. We don't want to advise them, we're just going to give the information, we want them to take that information and then make the right decision for themselves. It's going to be good for their physical health and especially the health of their pocketbook. As we know, consumers who compare get better value and nobody compares prices better than our seniors. When enough consumers compare prices, competition drives prices down. Since May the Medicare web site and phone line have allowed seniors to compare prices among pharmacies and card sponsors. Now we are going to add more transparency to drug costs through the Lower Cost RX Comparison Tool. Seniors are going to be able to compare prices for similar drugs used to treat common diseases such as high cholesterol or blood pressure or any other of the maladies that seniors are afflicted with. The drugs will be sorted by category for comparison. It will include similar brand name drugs and generics. By seeing how the drugs they are currently taking stacks up to similar drugs, seniors will be better informed on the alternatives that may be cheaper. With this information seniors and their doctors can weigh all of the costs and the benefits of each drug. I'll give an example of how this new tool will work. Zocor is a popular medication for treating high cholesterol it costs an average of \$104.00 per month.

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Using the new comparison web site, which you are going to see in a minute, a beneficiary can see several lower-cost options including another brand name drug called Altoprev that costs \$55.00 per month with the same effect. A generic lovastatin in the same drug category costs \$67.00 per month. With a doctor's approval, we always tell everybody consult with your doctor so the doctor knows which drug you're going to be taking, a beneficiary could save from \$446.00 to \$587.00 a year by switching to one of the lower cost options. To get this comparison information seniors simply need to call 1-800-MEDICARE or log on to medicare.gov with the current drugs that they are taking. We want everybody as we've said every time we have a press conference, call us with your drugs and your address and we'll give you the right information. Then you take that information and consult with your doctor. You can then get a list of the drugs in each category and compare prices. You can also see what discounts are available for each drug under various Medicare discount cards and what additional discounts are provided by the manufacturers. As you know, the manufacturers have said that once the amount – the \$600.00 – for low-income seniors has been used up that they will give a better deal for their drugs for those individuals. Some of those drug companies have given those drugs free of charge, so it's really a good deal for low-income seniors to sign up and sign up today. This opportunity to compare prices is not

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limited to seniors as I've indicated. I'm sure the press will probably avail themselves of it more than any other sector and rightly so because you're the individual that have got to convey the information. All Americans, however, are going to be able to take certain classes of drugs and get this information and go on to our web site, see what other drugs have similar effects and compare costs. Not only compare costs, this is not to compare cost, we want you take that information to your doctor. We want you to sit down with your doctor with the information and find out what is the best prescription for you. Americans who check the site may discover they can save money by switching to a similar drug and the more Americans compare prices, the more market pressure will drive drug prices down. That is what this is all about, is making the drug prices more competitive. Seniors are already getting help with their prescription drugs thanks to the Medicare law that congress and President Bush signed into law last fall. About 4.5 million seniors are saving with Medicare prescription drug card, it's actually 4.4 million today. And more than 1 million of them will receive \$1,200.00 over the next 18 months and some seniors and Americans with disabilities are also saving up to 90% to 95% on these life-enhancing medicines they take for serious diseases such as cancer, multiple sclerosis, and rheumatoid arthritis. Starting in 2006 seniors' prescription drug costs will be cut in half

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and lower-income seniors will pay almost nothing. We are delighted to provide another tool to help lower the cost of prescription drugs for seniors. This is yet another example of how President Bush is working to save our seniors money in driving down the cost of healthcare. Now I would like to have Dr. McClellan take the podium, make his statement, and answer to questions. We will be happy then to take any other questions that you might have.

DR. MARK MC CLELLAN: Thank you Mr. Secretary it's a pleasure to be here with you, with our dedicated staff from CMS who have been working a lot of nights and weekends and all of you in the press to talk about these further steps that we are taking right now to help Medicare beneficiaries lower their drug costs. Medicare beneficiaries now have access to the first ever tool to provide personalized price information on less costly drugs that work in a similar way. Many widely used drugs for common health problems often have similar effects, but rarely do consumers have good information on how their prices compare. The drugs included in this program like cholesterol lowering drugs and antihistamines that don't make you drowsy and drugs for high blood pressure and for stomach acid, drugs for arthritis and other aches and pains, these drugs are among the most popular in the United States together the drugs included in this program account for more than a quarter of prescription drug spending by the elderly. There

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are some significant in price among them, which means important opportunities to save as the Secretary has described. Before I go through this example I want to be clear that this is information to help doctors and patients make informed decisions. Only physicians can decide what drugs are best for their patients. We want to do as much as we can to help patients and their physicians find the least costly way to get the health benefit that prescription drugs can provide. This includes informed discussion about whether a less expensive similar drug is right for them.

To illustrate this I would like to walk through a demonstration of this feature on the web site and what kind of information the beneficiaries can access. I am going to be through the web version, this is at medicare.gov now, but the same information is available by calling 1-800-MEDICARE. You can get the information over the phone or we can send you a short personalized printout that you can take to discuss with your doctor or others about taking advantage of these savings. The first slide is the home page for the medicare.gov program as I'll be talking about in a minute there are a few other enhancements coming on our web site and our 800 number that are also taking effect right now. This is where you start out and when you click on prescription drug and other assistance programs that will take you to this lower cost drug comparison tool. There are two versions of this, one that shows you

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you're just thinking about – if you are not in the drug card program now and you're thinking about getting in or maybe you're someone who is not on Medicare and you want to find out about how drug prices generally compare you can go to this area and get information on national average price comparisons. It compares the average savings annually for a brand name drug versus these generic or brand name alternatives. It starts out by listing just a set of drugs that a patient may be taking that takes Vex or Cartizine [misspelled] and so forth, for all of these we will tell you if there are lower cost drug options available and you can click for each drug to get to the specific information on those particular drugs. Go through our agreement and then get to the specific information on these average annual savings. The secretary talked about savings available from taking Zocor, this is a patient who is on Zocor now, it's a brand name drug the average 30-day price in the drug card's program national card is about \$89.00 a month, listed here are a set of alternative options that are significantly less expensive and they go in order as well. We'll tell you what the average 30-day price is for these drugs as well as the annual savings you can get – an estimate of the annual savings – you can get by switching from the drug you are on now to these medications. That's the kind of information you can use if you are thinking about getting into the card program or wanting to talk to your doctor about savings.

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We also provide information on how you can save on specific cards, the national price comparison. The prices do differ a bit from card to card, if you're on a specific card or if you're looking to choose a specific card you may also want to get some personalized information on how to get the most savings on that specific card. This is a part of the card comparison, this is one particular card, it happens to be the Walgreens card that I gave the information on, on what will you pay for your drugs at particular pharmacies each month. Another enhancement by the way, you can also click here to find more ways to save on this specific card. Here you have the same patient with the same four drugs that we talked about before and where there are less costly options available you can click and go to get that information.

If you click here, go on to the next slide, this is card-specific information on what your drug costs on that card versus what some of these alternative drugs would cost. Now this is a case, Zocorastatin [misspelled?] where the only alternative that works in a similar way are in most cases are brand name drugs. I would like to emphasize that you can also get information if there's a generic version of the drug available. We'll start with that. The first thing you will see is information on generic versions of the same drug and as you know drugs that are generic have been regulated or approved and work in exactly the same way. Their overseen by the FDA,

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they have same kinds of effects. So we start on with information on generic alternatives. A lot of drugs that people are using today that are pretty costly don't have generic versions of the same drug and that's where this new price comparison tool really adds something important that can be literally hundreds of dollars a year in opportunities for savings.

Finally in addition to the lower cost drug improvements that are in the web site and available when you call 1-800-MEDICARE now, we're making some other enhancements to help people find more ways to save and help them get even more out of the drug card program. So in addition to this tool to get personalized information on lower costs generics and brand name drugs we're also implementing some other enhancements in the drug card program today. One of these enhancements is giving beneficiaries specific information about the breadth of drugs that are covered by each of the drug cards. Some beneficiaries want to know not just how to save the most on the drugs that they're taking now but whether a card is likely to provide savings on other drugs that they might need in the future. We're now providing specific information on the scope of drugs that have discounts on each card. That's what this open - it's a formulary tool is about. Now when you go to get information about each card and the savings opportunities on it, we will also tell you about a message for each card that shows what

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breadth of coverage they have for drug discounts. In this case this is a drug card that provides discounts on all of the top hundred drugs used by people over aged 65 to be included in this program and it also covers 80% of all drugs that are available that are marketed in the United States can be included in this program. There are a few other categories like that. Some drugs provide coverage of between 71 and 80% of all the drugs that are marketed that can be included in the drug card program. Some kinds of drugs like benzodiazepines and vitamins for example are not included in the drug card program so they're not included in this. A few of the cards provide discounts between 60 and 70% of all the drugs marketed in the United States that can be included in this program, all the prescription drugs. Just a couple of basic facts about this besides just giving you the basic information, just giving beneficiaries the basic information on broad the discounts are, all of the cards in the Medicare discount card program provide discounts on all of the top 100 drugs used by seniors that can be included in the drug card program. All of them. All 100. Most of the drug cards, almost three-fourths of the drug cards provide discounts not only on the drugs that you are most likely to need, but also on more than 80% on all of the drugs that are marketed in the United States that could be covered by the program. Because the cards are particularly likely to cover drugs that are widely used the cards provide discounts on

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an even larger share, even larger share than 80% of all the prescriptions filled, usually 90% or more. This level of drug coverage, by the cards, corresponds very favorably to open formulary commercial prescription drug plans. Of course, in addition to this information on how broad the discounts are on the cards, you can still get specific information on the drugs that you need and on these other ways to save on these drugs. And what's more we've been watching very closely for any changes in formularies, any drugs being dropped, and we so no evidence of popular drugs being dropped. No evidence of any significant bait and switch.

So there are new ways to save even more money on top of the discounts that have been shown and many independent studies on these covered drugs. The secretary mentioned more than 20% savings found in some of the studies by Kaiser Foundation, lower-prices than the prices that Medicaid can get in California in a study done by the Consumers Union, even larger savings available for mail order and generic drugs. If you're on Medicare and your struggling with drug costs now and you haven't yet joined the millions of other seniors and people with disabilities in taking of advantage of the savings on drugs that are available right now through the Medicare drug card program, it's easier than ever all you need to do is call 1-800-MEDICARE or go to the web at medicare.gov or let us know and we can give you face-to-face help in signing up for this

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program. With just a little time you can start saving a lot right now on your prescription drugs. Thank you all very much. I think we'd be glad to answer any questions that you have.

SECRETARY THOMPSON: Questions. Yes?

MALE SPEAKER 1: You have the medical review to say these are the classes of drugs where there are comparisons in their effects. Does this translate into the drug benefit? Are these the type of classes you have to choose one of these? They don't seem to line up, for example statin [misspelled?]

DR. MARK MC CLELLAN: Our goal with the drug benefit is required by the law, we're going to enforce the law, is to make sure that seniors and people with disabilities have access to the modern medicines that they need. That there is no discrimination in the drug benefit and that the drug benefit reflects modern medical practice. There are a lot of steps that we're going to be taking to make sure that happens. One is looking at drug classification and USCE has a model draft classification system that they're getting comments on now. There are a lot of other important elements in determining whether drugs benefits providing access to the drugs that our beneficiaries need. Like what the tiering levels are, what the payments are for the drugs that are or are not included in the formulary, like the utilization reviews systems. There are many steps that we're going to be considering and we're going to have guidance and we're going to have oversight that

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reflects this goal. So drug classification systems are one element but it's not the only thing that matters and we're going to use this whole set of approaches and oversight of all of these issues to make sure there is adequate access to the medicines that beneficiaries need.

FEMALE SPEAKER 1: The national average that's national average of the prices with Medicare?

DR MARK MC CLELLAN: On the drug cards.

FEMALE SPEAKER 1: How does that apply or does it have a relationship to non-Medicare – you seem to be saying that it will trim your prices in general for people aren't on Medicare could find this useful? How is that?

SECRETARY THOMPSON: It's going to be very easily – you can well imagine that the drug companies and pharmaceutical companies are going to be watching these charts every single day and going to be watching the prices and once the competition starts going for seniors it's going to endorse the benefit of non-Medicare beneficiaries as well. You're going to be calling up and you're going to be looking at this chart and you're going to say, "Well if they are selling it for that price, why am I not getting that price?" There's going to be a tremendous consumer push back.

FEMALE SPEAKER 1: Are the drug prescription cards with the Medicare discount cards the same drugs that cheaper than the non-Medicare population?

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DR. MARK MC CLELLAN: They do tend to go together. The price differences that we're talking about here, we're not going to bother putting something up and referring people to drugs that just cost a dollar or two difference a month. We're talking about a difference here of \$20.00 or more per month. Substantial differences and the differences may not be exactly the same on each and every drug card or exactly the same for people who aren't on Medicare, but the price discounts on the drug cards do reflect the price differences in the list prices for the medicines and the same kinds of discounts that exist in Medicaid programs and in private health insurance coverage as well. So they do tend to go together. This is big picture, big savings differences that we're getting people to focus on.

FEMALE SPEAKER 2: Can you give us an example of [inaudible] are more expensive than brand name drugs?

DR. MARK MC CLELLAN: In general generic drugs are less expensive than the brand name drugs, they are typically about 30% of the price. In some cases soon after a brand name drug comes off patent there is 180 day exclusivity period which I'm sure you're familiar with where there may only be one generic drug on the market. That generic drug will be significantly cheaper than the brand name version but it may not be cheaper than all of the versions of similar drugs that exist. After that 180 day period is over that's one you see the generic prices go way, way down.

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MALE SPEAKER 2: Dr. McClellan you and the secretary both said this information should be used by the patients to go and talk to their doctor it. Is there a danger that the patients can just decide arbitrarily to switch one drug for another? Can they do that or do they still have to go through their doctor?

DR. MARK MC CLELLAN: In some states patients can switch from the brand name to the generic version of a specific medicine. The reason is that's medically appropriate in that they're exactly medicines, same active ingredient; regulated the same way, work in the same way. People cannot switch from one drug to another drug that works similarly, a drug that's a different molecule without a new prescription from their doctors. That's the way our prescribing systems works, that's what makes sure that decisions are made appropriately by physicians in the best interest of the patient and this is just some information on comparative prices that the doctors can use along with the information they know about the benefits of the drug to make the best decision for a patient.

SECRETARY THOMPSON: Robert?

ROBERT: General benefits consumers have these drugs that are listed in the categories as low-cost options. Is it that those are more or less equivalent drugs to those that could be substituted for the one the person is taking?

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DR. MARK MC CLELLAN: The message is that these are drugs that work in a very similar way in many patients they can get the same benefit from the alternative drug, but it is definitely something they should discuss with their doctor. That is why our first line message is there are big differences in prices among many of these similar drugs and that's one thing that people, in talking with their doctor, should be considering. A patient should be considering how they can get the most out of modern medicine at the lowest possible cost.

SECRETARY THOMPSON: And Robert, as you know that the best way to do it is to make things competitive is to get all of the facts out there and allow people to look at them and you know that you are going to be watching this very closely and you'll be writing stories about it. That is going to benefit the overall competition and the drug pricing communities.

MALE SPEAKER 3: You have 8 drug categories right now for comparison. Are you going to be adding any others?

DR. MARK MC CLELLAN: We are starting with these 8. We did a very careful medical review, a lot of discussion with physicians, pharmacologists, other medical experts, and these are the cases where the mechanisms of actions of drugs are very similar. The drugs in each of these categories generally have very similar effects. We're going to keep looking at other categories, but what's going to drive our determination of providing this information is first and foremost the clinical

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consideration so we'll keep looking but this is a very important set of categories to start with. As I said the more 50 drugs included here account for more than a quarter of prescription drug spending by seniors. As you saw there are a lot of differences in prices among these drugs. This is a very important step forward and we will keep looking at ways to keep giving beneficiaries the best science-based information to save money.

SECRETARY THOMPSON: This is a very ambitious undertaking and it's a very good first start. You can rest assured that we are going to do everything we possibly can and we're already doing that to get as much information as possible to you and especially to our Medicare seniors.

MALE SPEAKER 4: The question before about [inaudible] formulary for [inaudible]. Just to ask another way, is part of this trying to get [inaudible] moving towards lower-cost drugs, get them used to lower-cost drugs that are in the same class that they are ordinarily use so that when Part D comes online they'll be more people, more amenable to take the lower cost drug.

SECRETARY THOMPSON: Absolutely not. I want to really tell you that this was my idea from the beginning to make darn sure we got as much information out there as possible. We think the seniors are going to compare prices, they're going to make their decisions what is the best for them. We are not

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trying to drive them one way or another. All we're doing is giving them as most information as possible so that they can make an educated decision with their doctor what is best for them, price wise as well.

DR. MARK MC CLELLAN: And the drug benefits, the coverage in the drug benefit is going to reflect modern medical practice. All of these drugs, as I said, are extremely common in modern medical practice. You can bet that we're going to provide access to medically necessary medicines in the drug benefit.

MALE SPEAKER 5: Some of the statements of the administration's critics and Medicare's critics. I think it's pretty safe to say that your critics are going to brand this as sort of the [inaudible] because they are seeing quite a bit of bad news about Medicare in the last week or two from the premium increase and I believe yesterday Social Security news about Mr. Foster and Mr. Scully. What is your response to your critics that are going to say your just trying to get a little bit of finally some good news out about Medicare?

SECRETARY THOMPSON: I'm telling you, as I've told you every time I come upon you, this Medicare Modernization Act is a very good law. People are demagoguing it, saying half-truths about it and are really not telling the American public and especially the seniors how beneficial it is for them. Every senior is going to be able to get some benefit out of this law,

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whether it be a pre-induction physical, whether it be lower prices for drugs, better education. And as you know, I have talked to you and to every one of you going clear back to January; this is something that I wanted to get up and operational. We're not waiting now until September to find good news, there's all good news in the Medicare Modernization Act. I'm just telling you, we want to get more information out there and it's been something we've been working on since January of this past year.

MALE SPEAKER 6: If you could follow up on that. You've spent about 87 million dollars, perhaps more, on publicizing the bill - the law. Why do you think that the message has remained muddy? Are you getting good value for your money there or why is this message so . . .

SECRETARY THOMPSON: It's in a presidential year. You have point counter-point every single news cycle and you can well imagine, you know, all the individuals that have been out there demagoguing this and saying things about it have had an impact. What we're trying to do is we're trying to get the right information up. We want to get seniors to get the benefit of these wonderful provisions in the Medical Modernization Act. It pains me to know that there are poor seniors out there that are leaving \$600.00 on the table that should go to purchasing drugs for them and their family. It seems to me that those individuals who have been critical and

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demagoguing this law are doing a disservice especially to the low-income seniors of America and I'm upset about that. That's why we have to publicize as often as we possibly can. That's why we've got paid advertising. That's why Dr. McClellan and I come in front of you and talk to you about what we're doing and how to improve it and encourage seniors, especially low-income seniors, to become involved and sign up for the drug card now and get the \$600.00 now and another \$600.00 in January. That's \$1,200.00 for them and the individuals who are trying to tear down this law for political purposes are really doing a disservice to the low-income seniors of America.

MALE SPEAKER 6: If I could just ask one other question about this particular program. Could you describe the push back that you received from drug makers asking you not to go forward with this particular tool?

TOMMY G THOMPSON: I would say that they would rather we didn't do it. That's as far as I want to go on it.

FEMALE SPEAKER 5: [Inaudible] could you please share your method on [inaudible] and the chance of the [inaudible]

SECRETARY THOMPSON: As you know the congress has written to the Medicare Modernization Act that we have to give them a report by January 1, 2005. Our research in general has completed all of the hearings, it's doing the assimilation of all of the documents, and it's writing the thing and we certainly will beat that deadline. How far, I can't tell you

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at this point in time. I have not had a meeting with Surgeon General in the last couple weeks, but I intend to do that and I'll get back to you.

FEMALE SPEAKER 6: Do you expect any action?

SECRETARY THOMPSON: I'm expecting the report to be out well in advance of the deadline that congress gave us.

MALE SPEAKER 7: Do you expect the plenary importation bill that congress [inaudible]?

SECRETARY THOMPSON: I think that congress has got to pass it first and once the congress passes it I'll see what it is and I'll make my recommendation to the president at that time. If it happens while I'm still here.

MALE SPEAKER 8: How did you go about deciding what drugs were similar for comparative purposes? I'm curious what the industry's reaction to that.

DR. MARK MC CLELLAN: In your press packet there's a white paper describing some of the technical work that we did in conjunction with this effort and this has been an ongoing effort for a good deal of time over the last months to make sure that we get it right. We engaged one of our contractors, we had them conduct a rigorous medical review process, that process included consultation as I mentioned earlier with a broad range of health care experts as well as use of secondary resources like Medline and Drug Facts and Micromedics and various pharmacopoeias and journal articles and online

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references to enable us to segment these drugs into groups that work in very similar ways and provide similar effects. Because each drug has a different chemical structure we also need to account for the fact that the effective dose may differ from drug to drug. So 20 mg of Quaram [misspelled?] than 20 mg of a different drug. So once again we had our experts review the medical literature and conduct consultations with pharmacy experts and other experts in the field to find the most similar dosing relationships and as we caution in this, and again, this gets back to the point of you need to talk to your doctor about this. Each drug may not have exactly the same effect in each patient. We may have a lot of experience and a lot of evidence suggesting that they have similar effects on lowering cholesterol or providing pain relief or stomach acid relief or what have you, but individual patient experiences may differ. That's why physician-patient discussion and physician decisions are also a key part of this part. What we are adding to those decisions is relevant information on the prices of the alternative drug therapies that are available for these very common and costly problems.

MALE SPEAKER 8: [Inaudible]

DR. MARK MC CLELLAN: Well as the secretary said we've heard from a lot of different parties about this; consumer groups, disease advocacy groups, medical experts, and people from the drug industry. And we tried to take account of all of

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the good ideas. We are going to be monitoring this on an on-going basis. We are going to continue to have medical oversights here. We are going to do monthly reviews and checks to make sure the information we're presenting is as useful as possible and is also as medically up to date as possible. I'm sure we'll continue to get input on how we can make this information as useful as possible. But what's driving it is a very careful medical review to make sure that we have good clinical categories that reflect drugs that work in similar ways and that can have similar effects in most patients.

MALE SPEAKER 8: What was the drug industry's reaction?

DR. MARK MC CLELLAN: The secretary already gave you -

MALE SPEAKER 8: I asked you though.

DR. MARK MC CLELLAN: the secretary already gave you one good quote on that.

MALE SPEAKER 8: [Inaudible]

DR. MARK MC CLELLAN: You just did. Thank you.

[STOP RECORDING]