U.S. Congressman

Dave Obey

Focus on Health Coverage & Prescription Drugs

June 2002 Wisconsin's 7th District

Rising Health Costs - Still a Top Concern in Wisconsin

Dear Friend,

When I meet with constituents in Wisconsin, senior citizens and young working families alike tell me that the issue that bothers them the most is the rising cost of health care. And they ask me what can be done about it.

That is a complicated question, but there are at least four basic causes of rising health care costs:

1) Our population is getting older, and older people need more medical attention than younger ones.

2) New medical technology is increasingly more expensive. It can save lives, but it costs money.

3) 44 million Americans have no health insurance. Some because they are irresponsible, but most because they or their employers can't afford it.

4) Prescription drug costs are exploding.

We can't do much about the population getting older. In fact, we don't want to. We want people to live longer — even if they will need more health care. Second, we want the new technology, although we need to be responsible in the way we use it.

But we *can* try to do something about the other two factors that are exerting upward pressure on health costs.

Why Should We Worry About Millions of People Having No Health Insurance?

Well, for starters, because it is wrong for one of God's creatures who needs medical help not to receive it. In addition, that lack of coverage is expensive. People who don't have insurance often don't see a doctor until their medical problem reaches a crisis. Then they go to a hospital emergency room, and there are two bad things about that.

First, they often get help after it's too late so they die more often than they would if they got early treatment. Second, treatment costs more at that stage because the problem is acute.

When hospitals treat customers who can't pay, they look for ways to shift costs to paying customers. That means their accountants argue with insurance company accountants about who will pay for what. We are not likely to get health care costs under control until everyone is covered in some way by insurance in order to stop the cost shifting game.

Many employers, especially small businesses and farms, cannot afford to provide insurance, but they could if they got more help from the government. Establishing a federal/state/private partnership to provide coverage to workers and businesses who cannot afford it on their own should be a top priority for moral reasons and for economic reasons.

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Get Answers to Your Health Questions at These Websites

Prescription Drugs:

- http://www.fda.gov/cder/drug/consumer/buyonline/guide.htm
- http://www.medicare.gov/Prescription/Home.asp

Seniors' Health:

- http://www.seniors.gov/health/medical_coverage.html
- http://www.fda.gov/oc/olderpersons/olderpubs.html
- http://www.nlm.nih.gov/medlineplus/seniorshealthgeneral.html

General Health Questions:

- http://www.healthfinder.gov/

Focus on Health Research: I discussed the latest developments in health research with Central Wisconsin residents when medical researchers from the National Institutes of Health visited Marshfield and Wausau last month for a pair of public health forums (pictured here). Experts answered questions about diabetes, cancer, heart disease, human genetics, aging, arthritis, Alzheimer's, and many other areas. **As part of my work on the annual federal health budget, my Committee has helped keep a Congressional commitment to double health research funding over 5 years in order to make greater progress in the fight against disease.**

This mailing was prepared, published, and mailed at taxpayer expense.
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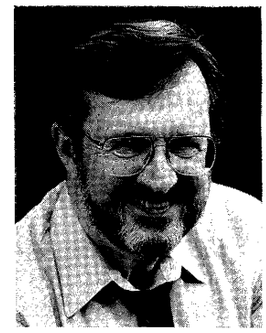

What About Prescription Drugs?

Another main cause for rising health care costs is prescription drugs. Congress needs to take several actions to put affordable prescription drugs within reach to all Americans.

1) Covering Drug Costs Under Medicare

The long-term solution for senior citizens is to modernize Medicare by covering the costs of prescription drugs under Medicare.

When Medicare was first passed, prescription drug costs were a small part of the cost of medical care. Today, because of advances in research, prescription drugs are a major part of medical care. And they are often expensive.

2) Any Medicare Drug Benefit Should Help <u>All</u> Seniors

The danger is that Congress will try to pass a token drug benefit that does very little to help most seniors. For instance, one approach being discussed now would provide a meaningful prescription drug benefit only for those at or near the poverty level. That is not good enough. <u>Medicare should not be turned into a poverty program</u>. The cost of prescription drugs is often so high that without a comprehensive drug benefit, even fairly well off seniors could be driven to the poverty level by large drug bills.

During a town meeting on health issues in Chippewa Falls, residents told me that rising costs for prescription drugs have made it increasingly difficult to get medicine. Similar health forums in Superior, Abbotsford, Phillips, and other Wisconsin communities showed me that high drug costs are a problem throughout north central Wisconsin. **I am working to rein in excessive drug prices and pushing for a Medicare drug benefit to cover <u>every</u> senior.**

3) Reining In Unreasonable Drug Prices

In the short term, government should act to insist that the pharmaceutical industry does not charge American consumers more than they charge consumers in countries such as Canada, France, Germany, Italy, Japan, and Great Britain.

4) Why Should Drugs Cost More in Wisconsin than in Canada?

One of the biggest problems I hear about from seniors and families with aging parents and grandparents is that they cannot afford prescription medicine. And with good reason. A study we commissioned in 1999 showed that seniors in the 7th District pay up to 81% more for prescription medicine than consumers in Canada and Mexico. That's why prescription drug prices are often lower in other developed nations because they provide the benefit of group purchase pricing for their citizens who need prescription drugs.

We should be doing the same. Seniors shouldn't have to travel to Canada and Mexico to get lower prescription drug prices.

Consumers in Italy pay 48% less for prescription drugs than people in the United States. Nolvadex which contains Tamoxifen and is the largest selling breast cancer drug in the U.S., sells for over $100 for a monthly supply in the U.S. and less than $20 in Italy and France.

Our seniors shouldn't have to choose between putting food on their tables and getting prescription medication. Medicare should have some kind of prescription drug benefit but until we can fix that problem, this approach will help.

5) Eliminating Patent Loopholes

Action should also be taken to eliminate loopholes that the pharmaceutical industry has used to extend their patents. That would promote competition by providing more alternatives and lower prices for all Americans regardless of age and income.

Obviously, many other actions need to be taken to bring health care costs under control, but these are some of the basic steps needed to begin addressing the problem.