

FOR IMMEDIATE RELEASE

Contact: Greg Lopes
(202) 835-3460

Ken Johnson
Senior Vice President

PhRMA Statement on Medicare Part D Coverage Gap

Washington, D.C. (June 20, 2009) — Pharmaceutical Research and Manufacturers of America (PhRMA) President and CEO Billy Tauzin and PhRMA Board Chairman David Brennan, Chief Executive Officer, AstraZeneca, issued the following statement regarding today's commitment, as part of health care reform, to help close the coverage gap in the Medicare prescription drug program (Part D):

"PhRMA is committed to working with the Administration and Congress to help enact comprehensive health care reform this year. We share a common goal: every American should have access to affordable, high-quality health care coverage and services.

"As part of that reform, one thing that we have agreed to do is support legislation that will help seniors affected by the coverage gap in the Medicare prescription drug benefit. Although the program has been a tremendous success for the vast majority of seniors, the coverage gap has posed a challenge to some seniors and our companies have been exploring ways to address this issue for several years.

"Under this proposed new legislative program – which represents the first important step in health care reform – America's pharmaceutical research and biotechnology companies have agreed to help close the gap in coverage. Specifically, companies will provide a 50 percent discount to most beneficiaries on brand-name medicines covered by a patient's Part D plan when purchased in the coverage gap.

"In addition, the entire negotiated price of the Part D covered medicine purchased in the coverage gap would count toward the beneficiary's out-of-pocket costs, thus lowering their total out-of-pocket spending. Importantly, the proposal would not require any additional paperwork on the part of the beneficiary nor would an asset test be used for eligibility.

"Since its inception, strong competition among drug plans participating in the Medicare drug benefit has led to significant savings for seniors. On average, beneficiaries are saving \$1,200 annually on their medicines, and the average low-income beneficiary saves \$3,900, according to the Centers for Medicare and Medicaid Services. This agreement will help to provide additional savings to even more seniors across the nation.

"Even though Medicare beneficiaries are satisfied with their prescription drug coverage – as evidenced by a recent Medicare Today survey showing overall satisfaction has grown from 78 percent at the start of the program in 2006 to 84 percent in 2009 – we have constantly explored ways to improve the benefit.