



CAMPAIGN FOR AMERICA'S FUTURE

Moderator: Toby Chaudhuri
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Operator: Good day everyone and welcome to today's Campaign for America's Future Medicare part D, donut hole conference call. Today's call is being recorded.

At this time, I'd like to turn the conference over to the Campaign for America's Future Communications Director, Toby Chaudhuri. Please go ahead, sir.

Toby Chaudhuri: Hi. Welcome to today's Campaign for America's Future news teleconference call to declare Friday donut hole day and to release a new report on the President's Part D disaster. We're going to hear from four people today.

We're going to hear from Senator Debbie Stabenow from Michigan; from Representative Jan Schakowski of Illinois. We'll hear from Roger Hickey, whose he Co-director of the Campaign for America's Future and from Brad Woodhouse who's the Communications director of American's United.

We'll start now with the introductory remarks from Mr. Hickey.

Roger Hickey: Thank you, Toby. Good morning. Thank you all for joining us. We are here to talk about the Bush prescription drug programs gap in coverage known as the donut hole; the point of which a consumer picks up the entire cost of his or her medicine after outlays of a little over \$2 thousand and subsidies don't resume until over \$5 thousand in drug expenditures and all the while a consumer is continuing to pay monthly premiums.

Now all of us on this press conference want to call your attention to the new report released just today by the democrats and the house ways and means committee. It has the best estimates yet of the number of seniors who are at risk of falling into the donut hole.

They say that seven million are in plans with this kind of gap and since the average expenditure for seniors is around \$3 thousand that means most seniors will fall in – most seniors enrolled will fall into the donut hole. You can find that report at the house ways and means democrat website and we can get that for you after this press conference.

Tomorrow for our – by our calculations is the day that the average senior in part D will have that nasty and usually unexpected experience of falling into the donut hole. We want to talk to you today about the political influence of the drug and insurance industries that allow their lobbyist to literally write this part D program and we want to talk about how the angry response of seniors and their families is being turned into citizen protests and into system addict political grilling of those members of congress who voted for this monstrosity.

Now seniors with very high drug costs have been carrying the shock. For awhile now going to the pharmacy and finding that the prescriptions that cost a few dollars in the last visit now cost thousands. And as I say there is a political price to pay by members of congress who supported this.

I wanted to draw your attention to our website, www.ourfuture.org where you can find ...

(AUDIO GAP)

Operator: Please stand by.

(AUDIO GAP)

Debbie Stabenow: ... there some – that there were some problems. So I just wanted to make sure. I want to thank first of all the Campaign for America's Future and Roger and Jeff Cruz and (Brett Case – Brett Cass) for doing the report.

I think this is very, very important and it dub tails perfectly with what the democrats on the house ways and means committee have reported and the specifics that we all knew were happening but now we see the numbers as well.

I want to just emphasis as somebody who was one of the leaders and opposing this Medicare prescription drug bill, this plan that is in place now that this doesn't have to be this way. This is the most important point that this gap in coverage doesn't have to exist, the penalties for seniors, the arbitrary deadlines, the additional costs; none of this has to exist.

This was all a conscious choice and it was based on a value system and a set of priorities that put the drug companies and the insurance companies ahead of our seniors and people with disabilities but we know that this gap does not have to exist.

If Medicare was permitted to use it's both purchasing power to negotiate lower prices and if there was a simple guaranteed benefit offered directly to Medicare and I have offered legislation to do that. The savings could easily be used to eliminate this gap or donut hole as we're calling it.

But unfortunately because this would mean less profit for the pharmaceutical and the insurance industries these industries have spent millions of dollars fighting any changes. They fought the original bill. Now they fight any changes in part D that would help seniors and the disabled.

And I'm hearing from seniors all across Michigan who understand this and they are extremely upset. We have nearly seven million Medicare beneficiaries that are going to fall into this hole, this donut hole and it's going to create dire consequences and unfortunately in some circumstances fatal circumstances for those who are forced to go without their prescriptions.

In my home state of Michigan we have 40 stand alone prescription drug plans, only six offer coverage during this gap. We have over a 194 thousand Michigan seniors who are not eligible for any special assistance under the plan, who are enrolled in these private drug only plans and they are finding themselves in this gap.

And if you want a plan that has continuous coverage it costs on average 240 percent higher in premium and I know our Michigan experience is very typical. Nationally 84 percent of the private drug only plans have a gap, have a donut hole. Even the drug plans that fill this hole typically have tight restrictions where seniors can take brand name drugs only in certain circumstances. They have restrictions on where they can go to be able to – what drugs they can use, where they can go to get them filled and so on.

So this is the best plan possible for the drug industry but certainly not for our seniors. The drug industry in fact really did get the best plan that money can buy. Too many of our seniors are being left out in the cold right now. And already in the 2006 elections cycle, the pharmaceutical industry has given \$12.7 million with about 70 percent of that going to republican candidates because of their support of this plan that helps the industry.

So I would say again that we can do it differently. It should be done differently. We fought to have it done differently in the beginning. We've now introduced legislation, a number of different bills and my democratic colleagues have joined on to my bill, the Medicare Guaranteed Prescription Drug Act S2342 which I introduced early in the year that would eliminate the donut hole. It would also make other changes so that basically a senior could get the choice they want.

The only choice they haven't been able to get is the choice they want where you simply go to Medicare, sign up for part D just like every other part of Medicare, have the same co-pays and premiums as every other part of Medicare, be able to go to their local pharmacy to get their medicine, know that we've got the best deal because they've negotiated the best price and have no gap in coverage and that is doable if we have a plan focus on helping seniors and the disabled.

I might also add that Senator Bingaman has a bill I've cosponsored and other democrats have cosponsored to simply just eliminate the premiums for people while this gap is in place because to add insult to injury. Right now you have a gap in coverage, you get no help for your medicine but you have to keep paying the premium which is adding insult to injury and so we have legislation that would address that as well.

I have numerous, numerous stories to speak about with seniors in Michigan who have written me letters and I think I will just simply end now so that we can hear from the great congress woman Jan Schakowski but I certainly have specific stories I'd be happy to share with any of our reporters on the call about what's happening in Michigan.

We have been getting calls from as early as March and April of this year with – where people with very high drug bills were already falling into the gap and now we are receiving numerous, numerous calls of concern related to what is happening.

And in some cases people are in fact in a situation – in fact I would just mention one, (Nancy Gosam), Canton, Michigan who wrote that she's now actually in a situation with her husbands 10 prescriptions a day where they're worse off than the plan they had before Medicare but that the other plan that they had before no longer exists because of Medicare taking over and so they're paying for something that not only doesn't give them benefit, their in the gap but it was worse than they were before.

I think shame on this president and Republicans in congress for putting millions of seniors in this kind of situation. Thank you.

Roger Hickey: Thank you Senator and thank you for sticking with us for the question and answer period afterwards and thank you ...

Debbie Stabenow: Sure.

Roger Hickey: ... for your leadership. I've been told that the phone cut out as I was describing our website. The – our report can be found at www.nodonuthole.com, [N-O-D-O-N-U-T hole.com](http://N-O-D-O-N-U-T-hole.com) or at ourfuture.org, www.ourfuture.org.

Our next speaker is also a leader on the house side in legislation to fix the disastrous consequences of the Bush prescription drug plan. Representative Jan Schakowski is not only a legislative leader on this but she has also worked consistently with citizen groups around the country for – going to Canada to get their drugs, making the point about the expensive cost of this Bush plan and she's no stranger to protest. Before coming to congress she famously led the senior citizens in Illinois who gave congressman (Russ Minkowski) a strong dose of citizen protest around the catastrophic health plan. Jan Schakowski ...

Jan Schakowski: Thank you Roger. Thanks to the Campaign for America's Future and I'm honored to join Senator Stabenow in this important issue that we're fighting so hard for. I received a letter on July 28th from (Pauline Metsker Arenson) from my district who began by referring to the old ((inaudible)) in quotes, "as you amble through life whatever be your goal keep your eye on the donut and not upon the hole."

It goes on to say, "Well apparently some of us seniors have reached that point where the donut is gone and we are now forced to look into the hole. I'm sure somewhere along the way the donut hole phenomenon was described but obviously was passed over in the tons of Medicare, the explanations" (Pauline) writes.

Unfortunately now she can't afford to pay on 100 percent of her arthritis drugs so she's not taking any arthritis prescription drug at all but still pays a monthly premium of \$46. Her Celebrex would cost \$280 a month out of pocket. And by the way under the VA plan would cost \$56 that's where the Veterans administration negotiates with the pharmaceutical companies for lower prices.

I think in some ways the donut hole is kind of a benign name for something that's really a black hole. Most of those nearly seven million seniors and people with disabilities that are expected to enter the donut hole, many of them tomorrow, won't get out again. And this is unprecedented for insurance plans.

There is no other example where this gap in coverage in insurance plans. It's certainly not found in the federal employee's health plan or any other public or private plan.

The other thing to note – and I don't know if (Pauline)'s aware of this – this isn't a one time deal. This gap in coverage, this donut hole or black hole is going to happen every year. I know many seniors aren't aware of that. And she has calculated that she's never going to get out of it.

The reason for this plan as Senator Stabenow so eloquently pointed out is because it was a – it was designed by and for the pharmaceutical companies, certainly that was true in the house of representatives throughout the process and it succeeded in that goal of helping them. According to the – a report released this week by the democratic staff of the house government reform committee the profits of the top 10 drug companies increased over \$8 billion in the first half of 2006, up 27 percent over the first half of the year last year.

And what we're finding is that the bulk of the increased profits come from two places; first the prohibition on Medicare negotiating authority which means that the new drug programs don't effectively limit drug price increases and second poor people are paying more.

Over six million low income seniors and disabled people who had been getting drugs under Medicaid where they got the benefit of the government price negotiation authority are now in the more expensive part D plans and analysts estimate that low income – the low income switch alone increased drug company windfalls by over \$2 billion.

The calculation from a report issued in August by this center for economic and policy research is if Medicare had the negotiating authority like the Veterans Administration does the savings would be – been more than enough to eliminate the donut hole and close – and in fact be close to \$50 billion that could have been saved. That's twice the size of the donut hole.

Much like the legislation that Senator Stabenow has introduced in the Senate Representatives Marion Berry of Arkansas and Tom Allen of Maine and I have introduced HR 752, the Prescription Drug Savings and Choice Act which would create a benefit offered under Medicare a guaranteed nation wide Medicare administration – administered prescription drug benefit.

Beneficiaries could choose the Medicare benefit and avoid dealing with insurance companies and other telemarketers. It would require that Medicare use its bargaining power to achieve discount

– drug discounts just as the VA does and the savings could be used to fill the donut hole and it would provide a uniform benefit that wouldn't vary region by region.

In Illinois there is only one plan that's offered that would eliminate – that doesn't have a donut hole in it. The extra cost for that plan is \$421 a year, 233 percent higher than plans that have a donut hole. So when, you know, the – it's suggested well why don't beneficiaries just choose a plan without a donut hole that's because they can't afford to do that.

We do have solutions in both the house and the senate. We have now in the house a discharge petition trying to force a floor vote on the bill. We have 174 signatures on that. We need 218 to get action. Thank you.

Roger Hickey: Thank you Representative Jan Schakowski. As you can imagine as citizens, as seniors and their families discover this shock of the donut hole their anger has been turning into political protests. If you to ourfuture.org you can see some of the creative protests that we engineering this week around donut hole A and donut hole week next week and including a video contest on (youtube.com) where people are humorously showing ways to destroy donut holes and are aiming to destroy a lot of them on video and in public protests around the country.

Here to tell you a little bit more about the vast array of citizen groups and leader groups and senior citizen groups that are turning this anger into protests is Brad Woodhouse from Americans United. Brad ...

Jan Schakowski: If I can interrupt one second. This is Jan Schakowski. We're in the middle of a vote and I'm afraid I'm going to have to sign off.

Roger Hickey: We understand. Thank you.

Debbie Stabenow: Thanks Jan.

Roger Hickey: Brad ...

Brad Woodhouse: ... on the call. Let me just start by – you know I want to get into what Americans United and Campaign for Americas Future and US Action and all of the groups and a lot of organic activity. I mean look people are pissed about this.

I mean we're talking about millions of seniors and we're talking – and disabled Americans, their families, their children are watching a deal they felt they were going to get and they're not because they're falling into this donut hole.

Let me just say this about the Medicare part D and the Bush administration and their allies in congress. This is as colossal of a disaster as President Bush's conduct of the war and his administrations response to hurricane Katrina but it's a silent crisis.

It's a much more silent crisis. It's not on the front page. It's not on the front page of the newspaper everyday. It is not – it's not on the front – not on the television screens every night. Thousands upon thousands of people were devastated about hurricane Katrina. Millions of seniors and disabled Americans are going to be devastated by the part D – by the part D donut hole.

So while we have been – as Roger suggested we have been using humor this week. We've been trying to eliminate 69 thousand donut holes representing one of every 100 seniors who will fall in to the – in to the donut hole and we've been doing that (you too).

Americans United as participated and others in posting – and posting creative ways, smashing, crashing, crushing, eating, throwing donut holes to draw attention to what is a very serious – what

is a very serious subject and that is – that is a part D prescription drug plan that could not have been designed worse or more convoluted and there's no earthly reason for it then the likes of President Bush, Rick Santorum, Jim Talent, Conrad Burns, Nancy Johnson, Clay Shaw, Deborah Pryce and the allies in congress designed a plan that put drug companies first and not seniors.

And I believe that's why your seeing the type of activity that we're seeing this week, some of it organized by us, some of it organized by Campaign for Americas Future, some of it organized by US Action, Medicare Right Center, Medicare Advocacy, Alliance for Retired Americans, National Committee to Preserve Social Security and Medicare Asked Me, AFOCIO and a host of groups who are conducting events around the country.

But many of these events we have found out about – we have – through other sources. They're organic. They're smaller groups not associated with any of the national groups I mentioned that are holding events around the country.

Thirty-eight events that we have been able to count so far and more that we simply don't have the 411 on that we know between now and the end of next week we'll have well in excess of 50 events around the country to bring attention to this silent crisis that is – that is the part D donut hole.

We have events from Fort Wayne, Indiana to Utica, New York to Trenton, New Jersey to Cleveland, Ohio, West Palm Beach, Florida, home to Clay Shaw who supports the pharmaceutical companies getting what they can out of part D but not seniors, Bangor, Maine, Waterloo, Iowa, Portland, Maine and as I said there are a lot of people turning out for these events.

We're not having to – we're not having to generate crowd. We have a lot of interest. There are a lot of seniors that are angry about this. And this is something that we predicted. Back in the

spring a lot of people said well the reaction seems to be better than – spring and summer, the reaction to the part D seems to be better than people had anticipated and we said wait a minute, wait until they fall into the donut hole, wait until they pay premiums for something that they're not getting and our predictions are unfortunately coming true.

And as Senator Stabenow and Congress woman Schakowski and Roger have suggested part D, the prescription drug plan for seniors could easily be fixed if seniors were put first instead of pharmaceutical companies, if Medicare was allowed to negotiate bulk price discounts, if Medicare was able to provide its own prescription drug benefit.

Americans United as you know has been in a two year struggle to prevent the President from privatizing Social Security. We picked up the banner on part D earlier this year hoping that we could see changes made by this congress.

It's fairly clear that we're going to need a more favorable congressional environment to get changes to part D made but with the leadership of people like Roger Hickey and the groups that are part of the Americans United coalition, Senator Stabenow, Congresswoman Schakowski and the great team that we have on the hill we hope to get it done.

We have – if you want to take a look at our website, Roger's promoted a nodonuthole.com which is – which is a place you can get a lot of information, you can see some of the videos that have been produced. Also at americansunitedforchange.com you can see our part D page and some of the – some of the videos that we've produced as part of the ((inaudible)) contest to eliminate 69 thousand donut holes.

And also on our events page you can take a look at some of the events that we have going on. Now just finally to sum up real quickly Roger this – you know you have some politicians and some advocacy leaders on the phone that are – I mean I think – and we weren't able in short time

frame to get victims on this call but I – but Americans United and I know Campaign for Americas Future, Medicare Rights Center and others but you can contact Americans United if you wish.

We can find victims for you to talk to and we can find real life examples and there have been a ton in the press. I mean you can Google them or ((inaudible)) some, there are a tone of them but I just want to read a sentence or two here from (Betty Priscat) of Fort Lauderdale, Florida.

“The part D donut hole has almost killed me. I can not afford to pay medicines which have already cost me 36 hundred out of my own savings this year.” This is one victim who contacted us who’s willing – who’s willing to speak to the media. We know there are others so please let us know and if you need them.

And with that Roger I’ll turn it back over to you.

Roger Hickey: Thank you Brad. And now we’re open for questions.

Toby Chaudhuri: So folks who want to ask questions press star one on your number pad and then we’ll start taking questions in just a moment as that queue builds up.

Debbie Stabenow: And I should just mention I have a couple more minutes – this is Senator Stabenow – but then I’m going to have to step away as well.

Toby Chaudhuri: So please direct your ...

Debbie Stabenow: So ...

Toby Chaudhuri: ... questions at first to Senator Stabenow.

Debbie Stabenow: Yes.

Toby Chaudhuri: We're going to take our first question from Christopher Lee at the "Washington Post."

Christopher Lee: This is for Senator Stabenow.

Debbie Stabenow: Yes.

Christopher Lee: What is it about tomorrow – how did you all arrive at tomorrow being the day?

Debbie Stabenow: Well I will let the folks who did the study talk about the technical parts but this when you look at the average cost of the average expenditure for medicine this would be the day that the majority of people would fall into that donut hole.

As I mentioned earlier there are a lot of people in which that happened earlier, people with very high drug costs. We received calls back as far as March with people who had signed up at the beginning of the year but for the average amount of medicine used by the average senior tomorrow is the day in which they fall into that gap.

Christopher Lee: OK.

Debbie Stabenow: Yes.

Toby Chaudhuri: We'll take our next question from Joe Goldeen with the "Stockton Record."

Joe Goldeen: Hi, Joe Goldeen. Can someone paint the picture of the average beneficiary who's falling into this gap? Is it someone who's formerly a dual eligible person? Is it someone who bought a PDP plan or a ...

Debbie Stabenow: I mean I would just simply – and then I apologize as I sign off that you're talking about somebody who is on a number of medicines, who is – who bought a prescription drug only plan, a private plan, they're not in an HMO, they're in a private plan and they are not possibly getting assistance or they may be getting some assistance but additional assistance – but just the average senior who is, you know, on an average number of medicines, who went out and signed up for one of these new plans.

They weren't getting help before and they went out and signed up for one of these new plans so they could get some of their – you know get help with their medicine. And that is certainly you know a large part of it but I will Brad or Roger or others talk about the way others fall into that but this – you know this is the average person who's been waiting for help, somebody who wasn't on Medicaid before, didn't have help before and that, you know the average person who thought that a Medicare prescription drug benefit was going to help them.

Roger Hickey: Senator thank you for being with us ...

Debbie Stabenow: Thank you.

Roger Hickey: ... take off.

Debbie Stabenow: Yes. Thanks.

Roger Hickey: I echo what the Senator just said and I refer you to this new report from the – from the house ways and means committee democrats out today. In addition to – it's mostly as the Senator said people who are not getting assistance any other way.

It's not the completely low income people but middle class people who have large or average drug costs. So with the average drug cost being a little over \$3 thousand the average recipient is going to fall into it. I'd also say that there's about five million people in the Medicare Advantage plans and many of those plans – most of those plans do not cover the donut hole either.

So it's a pretty wide spread phenomenon here especially hitting middle class people who might have lost another health care plan when this program came into affect.

Toby Chaudhuri: We have time for just a couple more questions. I want to remind folks to press star one to get on the question queue. We'll take a question from Lisa Stark with ABC News now.

Lisa Stark: Thanks. Just a couple of quick questions; you said about seven million people based on your numbers have planned for – they could fall into the donut hole but you – do you have any idea – you don't really have any idea how many of those truly will fall into the donut hole.

Roger Hickey: Well again I refer you to the slightly more than \$3 dollar figure that the average beneficiary spends on drug costs. So that means that a large percentage of the people who are – who are registered for this program will fall into the donut hole.

There have been various estimates. We had an earlier estimate that it would be around seven million dollars – million people who would fall into the donut hole. Experts who have testified on Capital Hill have ranged up to 10 million. So this is – these are figures that we are trying to get from the Medicare administration but right now it's – the best estimate is that seven million are at risk and that a large percentage of those will actually fall into the donut hole.

Lisa Stark: And one other question if I can. Well you mentioned that a lot of – some of these people are people who clearly have not assistance prior to these plans so even though that they are now sort

of falling into this situation are they not still better off at least having some of their drugs covered, an estimated \$11 hundred or so a year based on having zero coverage previously?

Roger Hickey: Well many of the people who are now registered on the – on the Bush prescription drug plan had coverage through their employer before. Many of those plans were dropped. And the point of the outrage, the point of the protests is that we could have easily done as this program was advertised to do.

We could have covered people's drug costs without this gap. This is a very, very unusual for a social insurance plan. If we had cut out the prohibition against the competition and we had told the drug industry they were going to have to come up with the best price to sell to Medicare in order to be part of this program we could have saved enough money to have filled in the donut hole, to have eliminated the donut hole.

Brad Woodhouse: Hey Roger let me just add something here. This is not just an issue for seniors. This is an issue for tax payers. One of the issues here is that tax payers are paying a Cadillac price to provide ((inaudible)) prescription drug coverage to seniors. Seniors are getting this gap because pharmaceutical companies were protected from negotiation and because Medicare was not able to offer a competing plan.

Tax payers should be getting more in the form of the benefit that seniors receive and what the – then what they were allowed to get because of the way this was drafted.

Toby Chaudhuri: OK. We'll take our last question from Joanne Cannon with Reuters.

Joanne Cannon: Hi. Have you looked at how many of the seven million will end up coming out of the donut hole again? How many of these will get catastrophic coverage?

Roger Hickey: I should – I should say that it's more than seven million if you count the 5.5 million dollar – million people who are in the Medicare advocacy plans. The seven million is those at risk in the – in the stand alone insurance plans not the HMO's and others.

It's impossible to calculate how many will have so many drug costs that they will exceed over \$5 thousand and therefore be covered on the other side but what we know is that the – a huge proportion of seniors will pay this enormous cost while they are – while they are paying their premiums for the plan.

We are trying to get a better beat on how many people will end up having over \$5 thousand in drug costs but we can't claim to know scientifically right now. The point of this is that a large number – a large percentage of the people enrolled in this plan are going to have this nasty surprise and for most of them it is a nasty surprise and they are going to go to the pharmacy and discover that something that costs a couple of dollars last week is now costing hundreds of dollars and maybe of them are going to go in debt, many of them are going to have to ask their families and others to help them get through this.

And it is not as advertised. It is not what people thought they were getting and it's – frankly it's not what the drug industry and their chamber of commerce advertising millions of millions of dollars are implying that people got. So there is – we are calling attention to the disjunction between what was promised, what was advertised, what is being – what the chamber of commerce is congratulating largely Republican members of congress for passing and the reality of the program as people are experiencing on the ground.

Brad Woodhouse: Roger just let me add to something I meant to say earlier. I think it's so telling that the pharmaceutical company – and they don't want to admit it but we know it now because ((inaudible)) at the pharmaceutical company funded these chamber of commerce ads thanking Republican law makers for the prescription drug benefit for part D.

You know it was not the great panthers or ARA thanking members of congress. I mean if that's not the most telling thing about who benefited from this I honestly don't know what is.

Toby Chaudhuri: Great. Thank you all for joining today's call. If you have any questions you know where to reach me. But with that I guess we'll thank the speakers for joining today's call and close out. Thanks for participating.

Roger Hickey: Thank you.

Brad Woodhouse: Thanks Roger.

Brad Woodhouse: Thanks Toby.

Toby Chaudhuri: Bye.

Operator: For more information please contact the Campaign for Americas Future Communications Director Toby Chaudhuri at 202-955-5665 or email at C-H-A-U-D-H-U-R-I at ourfuture.org. That concludes today's conference. We thank you for your participation. You may disconnect at this time.

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