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Senate Bars Medicare Talks for Lower Drug Prices

By [ROBERT PEAR](#)

WASHINGTON, April 18 — A pillar of the Democrats' program tumbled on Wednesday when the Senate blocked a proposal to let Medicare negotiate lower drug prices for millions of older Americans, a practice now forbidden by law.

Democrats could not muster the 60 votes needed to take up the measure in the face of staunch opposition from [Republicans](#). The opponents said private insurers and their agents, known as pharmacy benefit managers, were already negotiating large discounts for Medicare beneficiaries.

Fifty-five senators, including six Republicans, supported a Democratic motion to limit debate and proceed to consideration of the bill; 42 senators voted against it. The Senate had a brief debate on the merits of the bill, which is a priority for the new Democratic majority in Congress.

Republicans framed the issue as a choice between government-run health care and a benefit managed by the private sector. The benefit is delivered and administered by private insurers under Medicare contracts.

Senator John Cornyn, Republican of Texas, denounced the bill as “a step down the road to a single-payer government-run health care system.”

Democrats said they were merely trying to untie the hands of the secretary of health and human services so he could negotiate on behalf of 43 million Medicare beneficiaries.

“The [Department of Veterans Affairs](#) is able to negotiate for lower-priced drugs,” said the Senate majority leader, [Harry Reid](#), Democrat of Nevada. “H.M.O.’s can negotiate. Wal-Mart can negotiate. Why in the world shouldn’t Medicare be able to do that?”

A 2003 law prohibits Medicare from negotiating or setting drug prices or establishing a uniform list of covered drugs, or formulary.

Mr. Reid said Democrats fell short because of “the power of the insurance industry and the pharmaceutical industry,” which spent hundreds of thousands of dollars on lobbying and advertisements against the bill.

The vote also reflected ineffectual advocacy by Democrats, who were slow in responding to the vehement arguments of well-prepared Republican senators like [Charles E. Grassley](#) of Iowa.

“Private competition works,” said Mr. Grassley, a principal author of the 2003 law. “The [Department of Health and Human Services](#) has had very little experience and a dismal track record” figuring out what to pay for drugs.

Big companies that offer the Medicare drug benefit, like Caremark and Medco Health Solutions, “have more market power than Medicare” because they negotiate for tens of millions of people in private plans, as well as for Medicare recipients, Mr. Grassley said.

Senator [Ron Wyden](#), Democrat of Oregon, said he did not want the government to supplant private plans. But, Mr. Wyden said, Medicare could negotiate better bargains on selected drugs that have no therapeutic equivalents or competition.

The House passed a bill requiring the secretary of health and human services to negotiate drug prices by a vote of 255 to 170 on Jan. 12, eight days after Congress convened. The Senate bill permits but does not require negotiations.

President Bush had threatened to veto both versions. [AARP](#), the lobby for older Americans, supported both.

The Republican senators who joined Democrats in voting to take up the bill on negotiating prices were [Norm Coleman](#) of Minnesota, [Susan Collins](#) of Maine, [Chuck Hagel](#) of Nebraska, [Gordon H. Smith](#) of Oregon, [Olympia J. Snowe](#) of Maine and [Arlen Specter](#) of Pennsylvania.

Two candidates for the Republican presidential nomination, Senators [Sam Brownback](#) of Kansas and [John McCain](#) of Arizona, were not present.

An aide to Mr. McCain said he was campaigning in South Carolina and would have voted with the Democrats. An aide to Mr. Brownback said he would have sided with most Republican senators.

In creating the benefit in 2003, Congress made a radical departure from traditional Medicare, which has uniform benefits defined by law. Medicare recipients in every state have a choice of prescription drugs plans with different benefits, premiums, co-payments and deductibles. The 2003 law prohibited the government from interfering in negotiations between drug manufacturers and companies that provide the benefit. The House and Senate bills would repeal that ban.

Employers and health plans typically obtain discounts on particular drugs in return for encouraging patients to use those medicines, rather than competing products.

The [Congressional Budget Office](#) said that the Senate bill, like the House measure, “would have a negligible effect on federal spending.”

“Without the authority to establish a formulary or other tools to reduce drug prices, we believe that the secretary would not obtain significant discounts from drug manufacturers across a broad range of drugs,” the budget office said.

Some Republicans prepared to filibuster the Senate bill, but that proved unnecessary. Their whip, Senator [Trent Lott](#) of Mississippi, said Republicans had blocked consideration of the bill because they did not want to dicker with Democrats over amendments on unrelated topics, “with no happy end in sight.”

Mr. Wyden predicted that the Senate would vote again on the issue, perhaps as an amendment to a spending bill or other measure. “The fight will go on,” he said.

Senator Amy Klobuchar, a freshman Democrat from Minnesota, said the vote showed that “the power of big pharma,” the pharmaceutical industry, “is still a presence in the halls of Congress.”

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