



December 8, 2003

Dear Senator:

The Medicare prescription drug benefit that narrowly passed Congress in November fails to rein in runaway prescription drug costs, which recently have grown 17 percent per year, seven times the rate of inflation. In fact, the measure actually *prohibits* the government from negotiating deep prescription drug discounts for seniors, even though other federal departments, including the Veterans Administration and the Department of Defense, have achieved significant savings through direct negotiations with drug companies.

Without the government's ability to negotiate drug prices, the average senior on Medicare will pay more out-of-pocket for drugs in 2007 when the benefit is fully implemented, then what they currently pay now without the so-called "benefit." Consider this -- the average Medicare recipient who now spends \$2,318 a year for drugs without prescription drug coverage will pay \$2,911 out-of-pocket in four years under the plan if drug costs continue their historical increase.

It's no wonder seniors and the disabled are outraged over the Medicare drug benefit, and consumers are stunned by this giveaway of their tax dollars to pharmaceutical companies. We know Congress can save money for consumers and taxpayers by simply ensuring that the purchasing power of the government is properly used to negotiate lower drug prices.

This is a common sense approach that has been proven by other federal agencies, and it is absolutely essential in this era of spiraling federal deficits. As representatives of national consumer, citizen and labor organizations, we urge you as soon as possible to correct this egregious flaw that will cost taxpayers and Medicare beneficiaries billions of dollars each year.

Sincerely,

AFL-CIO
Alliance For Retired Americans
American Federation of State, County, and Municipal Employees
American Federation of Teachers
Americans For Democratic Action
Center For Medicare Advocacy, Inc.
Common Cause
Consumer Federation of America
Consumers Union
International Brotherhood of Teamsters
International Union, UAW
Medicare Rights Center
National Association for the Advancement of Colored People
National Committee to Preserve Social Security and Medicare
National Consumers League
National Senior Citizens Law Center
PACE International Union
Service Employees International Union
Teamsters
Transport Workers Union
United Steelworkers of America