



For Immediate Release
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**BAUCUS, PHARMACEUTICAL COMPANIES ANNOUNCE DEAL
TO REDUCE PRESCRIPTION DRUG COSTS FOR SENIORS**

*Finance Chair Secures \$80 Billion Commitment, Ensures Drug Discounts for Medicare Recipients
as Part of Effort to Reform Health Care, Reduce Costs, Ensure Quality*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D - Mont.) announced he secured an \$80 billion commitment from the pharmaceutical industry to reduce Medicare prescription drug costs for seniors. The deal struck by Baucus and the nation's pharmaceutical companies with the participation of the White House includes a provision to narrow the gap in coverage, often called the "doughnut hole," with payments from the drug companies to cover up to 50 percent of the cost of brand-name medicine in Medicare's Part D prescription drug program.

"The Medicare prescription drug benefit we created helped address the problem of skyrocketing prescription drug prices for millions of seniors. Today, we helped fill the gap in coverage and finished the job," Baucus said. **"This new coverage means affordable prices on prescription drugs when Medicare benefits don't cover the cost of prescriptions. This benefit is part of our continued commitment to seniors and our ongoing effort to reform health care by lowering health care costs and ensuring all Americans have access to the quality, affordable health care coverage they deserve."**

"Today marks an important first step toward our shared goal of providing high-quality, affordable health care to everyone in America. We applaud President Obama and Senate Finance Committee Chairman Baucus for their commitment to comprehensive health care reform – one of the most challenging issues of our lifetime. Health care reform is important to patients, the economy and the future of America," said Billy Tauzin, President and CEO of the Pharmaceutical Research and Manufacturers of America (PhRMA). **"Millions of uninsured and financially-struggling Americans are depending on us to accomplish comprehensive health care reform this year. Today, America's pharmaceutical research and biotechnology companies are signaling their strong support for these critically important efforts. This is a once-in-a-lifetime opportunity and, working together, we can make this hope for a better tomorrow a reality today."**

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The agreement includes prescription drug discounts for Medicare recipients that would dramatically increase government savings. This commitment is a critical part of the ongoing effort to reform health care both by reducing costs and ensuring quality, affordable care for every American. Sen. Baucus plans to include this and other legislative elements of this agreement in comprehensive health care reform legislation he plans to consider in the Finance Committee in the coming weeks.

The doughnut hole refers to a gap between initial coverage in Medicare prescription drug costs, the majority of which is covered under Medicare, and a higher threshold, when so-called “catastrophic” coverage that covers all but a small co-payment, begins. The deal struck today provides a 50 percent discount on the costs of brand-name medicines covered under Medicare that currently fall into the doughnut hole.

The agreement would give the Secretary of Health and Human Services the authority to create the new Medicare Prescription Drug Discount Program on July 1, 2010 and the program would be administered by an independent third party. The agreement includes a provision to discourage private employers from dropping prescription drug coverage currently provided to retirees. It also establishes audits of drug company manufacturers to ensure the discounted prices are appropriately set.

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