



# News Release

## **Opening Statement Senator Byron L. Dorgan Chairman, Democratic Policy Committee**

### **An Oversight Hearing on Providing Relief to Seniors Who Have Fallen into the Prescription Drug “Donut Hole”**

Today, the Democratic Policy Committee is holding an oversight hearing on an issue of critical importance to our seniors: the gap in coverage that exists in most of the Medicare prescription drug plans.

This gap in coverage has become known as the “donut hole.” Some like to say that under the Medicare prescription plan, the pharmaceutical companies got the donut, and seniors got the hole.

This is a picture of a retired senior from my state of North Dakota. His name is Donald Busch, he lives in Fargo, and he was a school principal for 37 years. He enrolled in the new Medicare prescription drug benefit last year to make sure his coverage would start on January 1<sup>st</sup>. In June, Donald’s pharmacist called to let him know that he no longer had Medicare drug coverage and was in something called the donut hole. Donald is not sure how he’ll be able to pay for the diabetes medications that he simply must take. He was not aware that his plan contained a gap in coverage.



Seniors like Donald signed up for a Medicare drug benefit thinking they were getting good coverage. But if their expenses reach a certain level – and millions of seniors will reach this level – they find themselves left on their own to pay for their medications.

Let me describe what I am talking about. Under most plans, Medicare will pay for 75 percent of drug costs up to \$2,250, after an initial \$250 deductible. But then Medicare pays nothing until drug expenses exceed \$5,100. During this gap in coverage, beneficiaries continue to pay monthly premiums but get no drug coverage at all.

So we are talking about a “donut hole” of about \$2,850 for most plans. What does this mean for our seniors?

Here is an example. For a senior on a fixed income, \$2,850 could translate into a winter’s heating bill, plus three months’ rent, plus two months’ food.

Where do they even begin to cut?



According to the Congressional Budget Office, more than one-third of Medicare beneficiaries will fall into the donut hole. Every day, my office hears from seniors who suddenly realize their drug coverage is shut off.

Today we will hear from seniors who have found themselves in the donut hole, as well as from policy experts who have suggestions about how to solve this problem.

- ✓ David Madison is a senior from Lakewood, Colorado, and has pancreatic cancer, and his expensive medications have put him into the donut hole.
- ✓ Melvin Kinnison is a senior from Huntington Beach, California who is taking multiple medications for several conditions, including diabetes, congestive heart failure, and prostate cancer. He too found himself in the donut hole.
- ✓ Pamela Bell is a disabled Medicare recipient from Jacksonville, North Carolina, and has also fallen into this donut hole.
- ✓ Dr. Gerard Anderson is with the Johns Hopkins University School of Public Health. He has conducted a study showing how much the government could save by negotiating directly with drug companies on behalf of Medicare beneficiaries.

- ✓ Robert Hayes is the President and General Counsel of Medicare Rights Center, the largest independent source of Medicare information.
- ✓ Ron Pollack is Executive Director of Families USA, which has done extensive work relating to the prices that seniors pay for prescription drugs.

Before we hear from the witnesses, let me add that I, for one, am of the view that we need to eliminate the coverage gap. I think it is outrageous that the government is prohibited from using its purchasing clout to negotiate fair drug prices for our seniors. I've introduced legislation with Senator Bill Nelson to eliminate this prohibition and use the savings to close this donut hole, but thus far the majority party has blocked this legislation.

One final note: we must give seniors some short-term relief. Last week I introduced a bill called the Prescription for Fairness Act. It very simply says that seniors should not have to pay monthly premiums during the time when they have no drug coverage. It makes no sense at all that seniors should be paying monthly premiums when they are getting no coverage at all.