

August 2000

## PRESCRIPTION DRUGS

### Expanding Access to Federal Prices Could Cause Other Price Changes

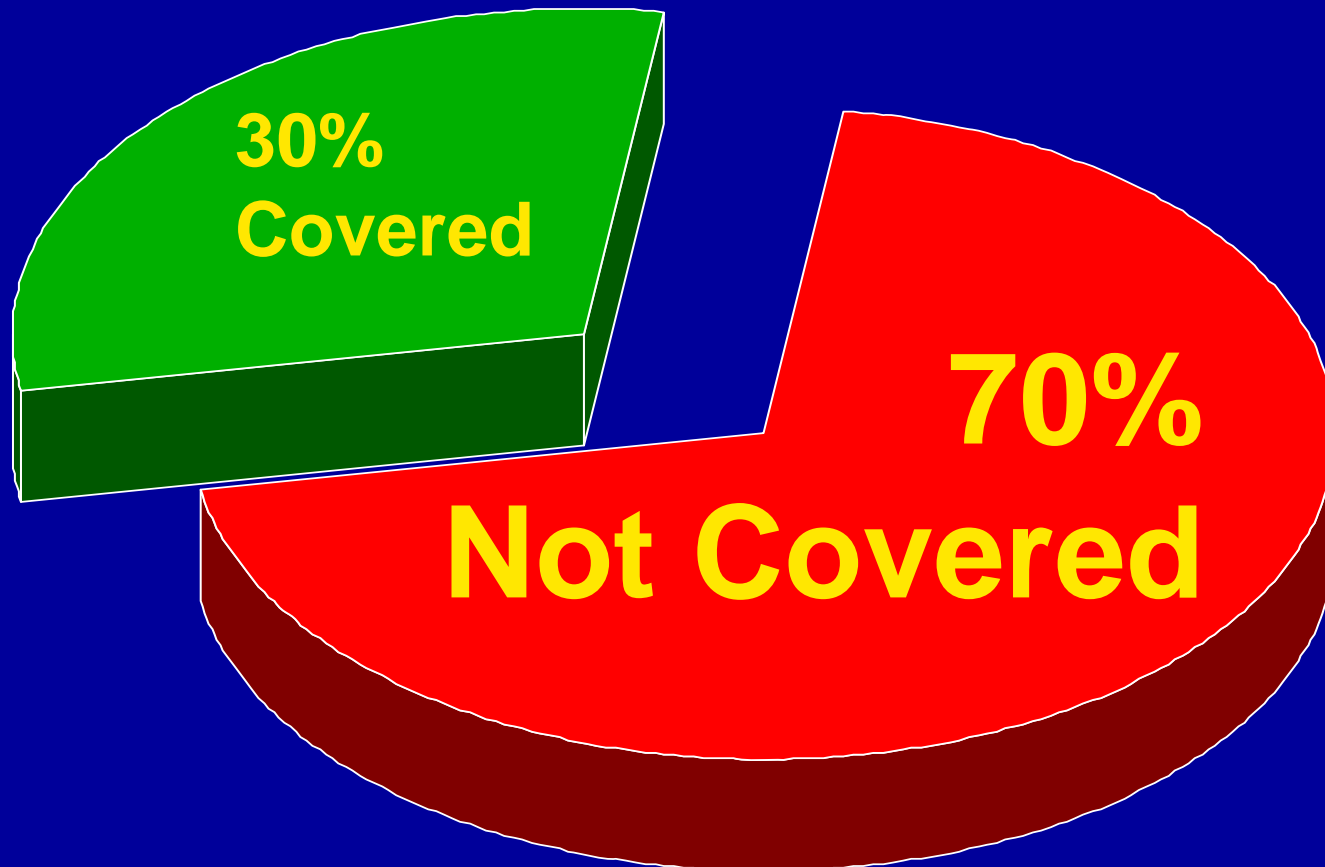
“Mandating that federal prices for outpatient prescription drugs be extended to a large group of purchasers, such as Medicare beneficiaries, could lower the prices they pay but ***raise prices for others.***”

Mandating that federal prices for outpatient prescription drugs be extended to a large group of purchasers, such as Medicare beneficiaries, could lower the prices they pay but raise prices for others. Such price changes could occur because drug manufacturers would be required to charge beneficiaries and federal purchasers the same prices. To protect their revenues, manufacturers could raise prices for federal purchasers. Furthermore, because federal prices are generally based on prices paid by nonfederal purchasers, manufacturers would have to raise prices to other purchasers in order to raise the federal prices. In particular, large private purchasers that tend to pay lower prices, such as health maintenance organizations (HMO) and other insurers, could see their prices rise. Wh

*Los Angeles Times*

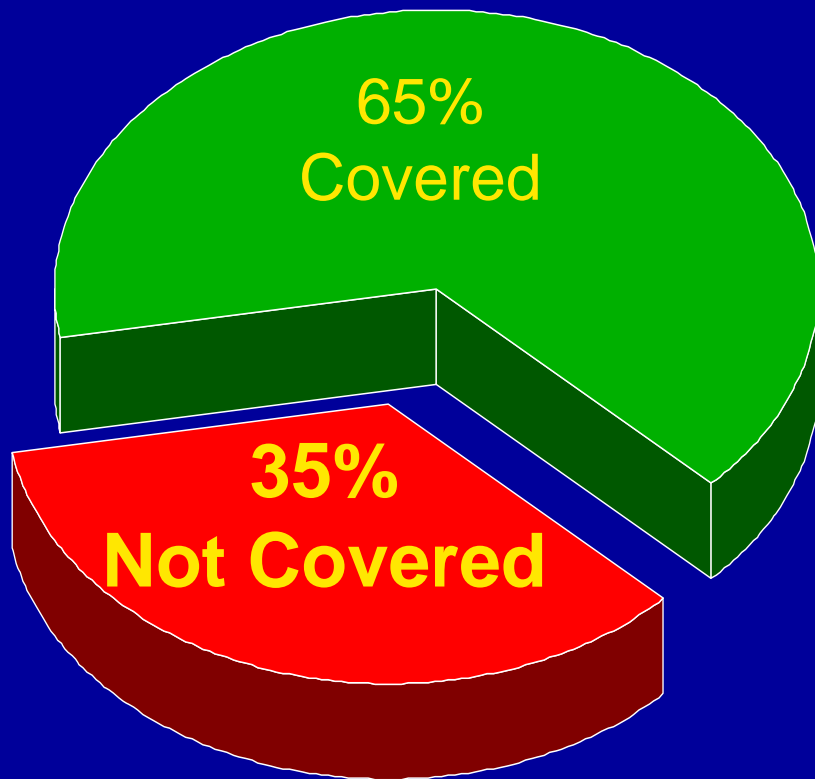
**“VA officials can negotiate major price discounts because they restrict the number of drugs on their coverage list...In other words, the VA offers lower drug prices, but fewer choices.”**

# Far Fewer Drugs Covered if Medicare Mirrored the VA

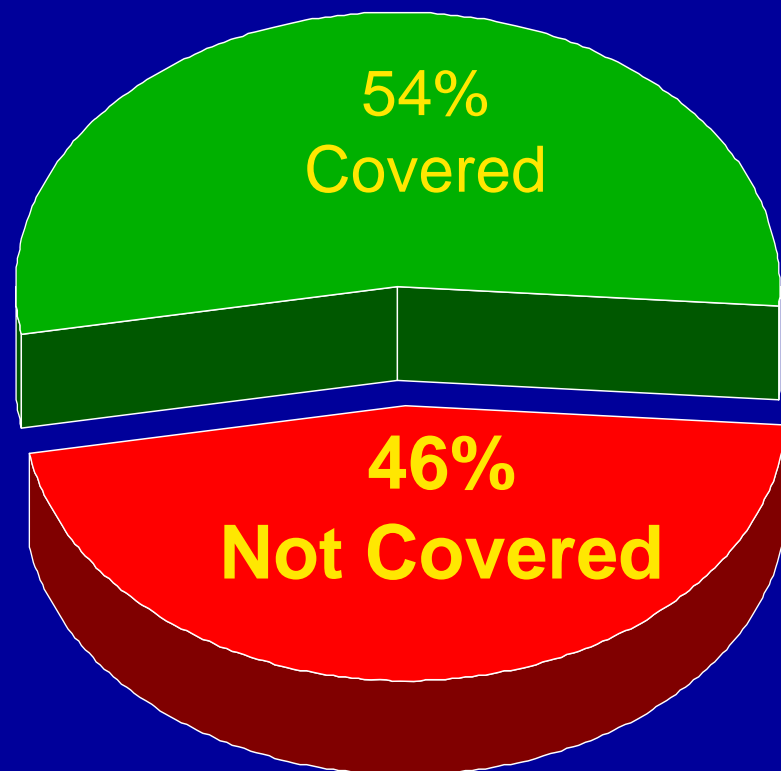


Based on 4,390 drugs covered by Medicare plans in 2007 (*The New York Times*, "Medicare Insurers Plan New Drug Options", October 1, 2006) and 1,300 drugs covered by the VA (*Associated Press*, "Medicare Says Vets Flock to Part D, but VA Disagrees", December 5, 2006)

# Far Fewer Drugs Covered if Medicare Mirrored the VA



**Depression**



**High Cholesterol**