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# Senator Dianne Feinstein

of California

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## Senator Feinstein Seeks to Allow the Federal Government to Negotiate Lower Drug Prices for Medicare Recipients

January 22, 2004

**Washington, DC** – U.S. Senator Dianne Feinstein (D-Calif.) announced today that she has cosponsored legislation, sponsored by Senator Thomas Daschle (D-SD), giving the Secretary of the Department of Health and Human Services authority to use the purchasing power of the federal government to negotiate lower prices for prescription drugs.

Under the new Medicare prescription drug law, the Secretary of Health and Human Services (HHS) is specifically prohibited from doing this – despite the fact that other federal entities including the Department of Veterans Affairs have this authority.

While Senator Feinstein voted for passage of the new legislation to create a voluntary drug benefit for 41 million Medicare recipients, she said at the time of the vote that this provision represented a significant weakness in lowering the cost of prescription drugs for seniors. And she said she would be supporting legislation that gave the HHS Secretary negotiating authority.

**“By denying the government the ability to negotiate price discounts on behalf of Medicare recipients, the Medicare bill takes away one of the best tools available to bring down prescription drug prices,”** Senator Feinstein said. **“This means that seniors will pay more for their prescription drugs than they should have to. This is not right.”**

Specifically, this legislation gives the HHS Secretary authority to negotiate contracts with manufacturers of covered Medicare Part D prescription drugs in order to ensure that enrollees in Medicare Prescription Drug Plans (PDPs) pay the lowest possible price. The authority is similar to that given to other Federal entities that purchase prescription drugs in bulk.

**“The Veterans’ Affairs system, for instance, negotiates lower prescription drug prices,”** Senator Feinstein said. **“This authority has been a terrific success in bringing down the cost of drugs purchased by the VA. Why should we prevent the Secretary of HHS from doing the same on behalf of our 41 million Medicare recipients?”**

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