

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 22, 2009

**REMARKS BY THE PRESIDENT
ON THE MEDICARE PART D "DOUGHNUT HOLE"
AND AARP ENDORSEMENT**

Diplomatic Reception Room

11:58 A.M. EDT

THE PRESIDENT: Thank you. Well, first of all, I want to thank Barry Rand for the introduction, but also AARP, the organization he so ably represents, for coming together with us on this critical issue today.

Last week, in my address to the American Medical Association, I spoke about the urgent need for health care reform and what will be required to achieve it. And one of the things that will be required, I said, was that everyone in our health care community is going to have to come together and do their part.

In recent days, Chairman Baucus, who has been doing an outstanding job leading the finance committee on this issue, as well as members of my administration, have been in discussions with the pharmaceutical industry to find a way to bring down costs of prescription drugs for America's seniors. And I'm pleased to report that over the weekend we reached an understanding that will help close the notorious "doughnut hole" in Medicare Part D. This is a significant breakthrough on the road to health care reform -- one that will make the difference in the lives of many older Americans.

I think many of you in the press are familiar with the issue. The "doughnut hole" refers to a gap in prescription drug coverage that makes it harder for millions of Medicare beneficiaries to pay for the medication they need. The way the program is structured, Medicare covers up to \$2,700 in yearly prescription costs and then stops, and the coverage starts back up when the costs exceed \$6,100. Which means between \$2,700 and \$6,100 folks are out of luck. And this gap in coverage has placing a crushing burden on many older Americans who live on fixed incomes and can't afford thousands of dollars in out-of-pocket expenses.

Chris Dodd, who has been an outstanding leader on a whole host of health care issues throughout his career and who is helping to lead the HELP Committee while Senator Kennedy is undergoing his treatment for his illness -- Chris, I think, will tell you that as we travel around the country, seniors would constantly be coming up to us and saying, how do we deal with this extraordinary burden? And as a consequence, you'd have seniors who would be taking half their medication, even though the doctor said that is not going to be as effective; you are putting your life at risk. They had no other choice.

So as part of the health care reform I expect Congress to enact this year, Medicare beneficiaries whose spending falls within this gap will now receive a discount on prescription drugs of at least 50 percent from the negotiated price their plan pays. It's a reform that will make prescription drugs more affordable for millions of seniors, and restore a measure of fairness to Medicare Part D. It's a reflection of the importance of this single step for America's seniors that it has earned the support of AARP, which has been fighting for years to address this anomaly in the system on behalf of older Americans. AARP is committed, as I am, to achieving health care reform by the end of this year. And I'm committed to continuing to work with AARP to ensure that any reforms we pursue are carried out in a way that protects America's seniors, who know as well as anyone what's wrong with our health care system and why it's badly in need of reform.

Our goal -- our imperative -- is to reduce the punishing inflation in health care costs while improving patient care. And to do that we're going to have to work together to root out waste and inefficiencies that may pad the bottom line of the insurance industry, but add nothing to the health of our nation. To that end, the pharmaceutical industry has

committed to reduce its draw on the health care system by \$80 billion over the next 10 years as part of overall health care reform.

Real health care reform that reduces the spiraling costs of health services and extends quality, affordable health coverage to all Americans will require these kinds of commitments throughout the system. And drug and insurance companies stand to benefit when tens of millions more Americans have coverage. So we're asking them, in exchange, to make essential concessions to reform the system and help reduce costs. It's only fair. Today marks a major step forward. But it will only be meaningful if we complete the journey.

So I want to commend the House for coming together last week to produce a health care reform bill -- a bill, I might note, that protects seniors and has received the support of the AARP. I will continue to work closely with the relevant chairs in the House and the Senate, and leaders like Senator Dodd and Senator Baucus, and with members of both parties who are willing to commit themselves to this critical task. Our families, our businesses, and our long-term fiscal health demands that we act and act now. Today, we are. And I'm grateful to all those who helped make this day possible. And to those who, here in Washington, who've grown accustomed to "sky is falling" prognoses and the certainties that we cannot get this done, I have to repeat -- revive an old saying we had from the campaign: Yes, we can. We are going to get this done.

Thank you very much, everybody.

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12:04 P.M. EDT