Congress of the United States
Washington, DC 20515

FOR IMMEDIATE RELEASE
September 19, 2006

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TRUTH SQUAD RELEASES REPORT ON SOARING DRUG COMPANY PROFITS UNDER MEDICARE DRUG PLAN

WASHINGTON, DC — Today the Democratic Truth Squad released a new analysis that reveals pharmaceutical industry profits increased by over $8 billion in the first six months after the Medicare drug plan went into effect.

According to the analysis, the Medicare drug program contributed to this surge in drug profits through a combination of three factors: the failure of private plans to negotiate low prices, the elimination of billions in rebates paid by pharmaceutical companies for drugs used by low income beneficiaries, and the increased sales by drug manufacturers due to the Medicare subsidy. The high prices under the Medicare program have resulted in billions of dollars of wasted taxpayer funds.

"The Republican Congress passed a Medicare drug bill that put the interests of the drug companies first and seniors last," said Rep. Henry A. Waxman. "The program is a multi-billion dollar giveaway to the drug companies."

"Clearly, the Medicare prescription drug plan has been very kind to the pharmaceutical industry. Unfortunately, it has not been as kind to America's seniors," said Rep. Dennis Cardoza (CA-18). "At the bidding of the big drug companies and their friends in Congress, this law was specifically written to prohibit Medicare from negotiating for lower prices even though a similar bargaining system has worked well in the Veteran's Administration for years. That is just plain wrong. We need a Medicare prescription drug plan that is written for seniors, not big pharmaceutical companies."

The complete analysis is available online at www.democrats.reform.house.gov.

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