

105TH CONGRESS  
2D SESSION

# H. R. 4794

To provide for substantial reductions in the price of prescription drugs for  
Medicare beneficiaries.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 1998

Mr. CRAMER introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for substantial reductions in the price of  
prescription drugs for Medicare beneficiaries.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fairness in Prescrip-  
5 tion Drug Prices Act”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds the following:

1           (1) Senior citizens are the major consumers of  
2           prescription drugs in the United States and are pay-  
3           ing the highest prices for prescription drugs.

4           (2) The discriminatory pricing practices of  
5           major drug manufacturers results in senior citizens  
6           paying over twice the price that drug manufacturers  
7           charge their most-favored customers, such as Health  
8           Maintenance Organizations (HMOs) and hospital  
9           chains.

10          (3) Medicare beneficiaries without prescription  
11          drug coverage represent the most vulnerable seg-  
12          ment of prescription drug customers. Making pre-  
13          scription drugs available to them at lower prices  
14          would lower the health care costs for this population,  
15          improve the health and well-being of this population  
16          and consequently, lower the cost to the taxpayers of  
17          the Medicare program.

18          (4) Authorizing the wholesale purchase of pre-  
19          scription drugs at the Federal Supply Schedule  
20          prices plus administrative costs will result in a bene-  
21          fit to the Medicare population without cost to the  
22          taxpayers.

23          (5) Authorizing similar benefits through hospice  
24          programs will assist in extending the benefits of

1 lower prescription drug prices to those with terminal  
2 illnesses.

3 (b) PURPOSE.—The purpose of this Act is to protect  
4 Medicare beneficiaries from discriminatory pricing by drug  
5 manufacturers and to make prescription drugs available  
6 to Medicare beneficiaries at substantially reduced prices,  
7 by allowing pharmacies to purchase drugs for Medicare  
8 beneficiaries at the substantially reduced price available  
9 under the Federal Supply Schedule.

10 **SEC. 3. PARTICIPATING PHARMACIES.**

11 (a) AGREEMENTS TO PARTICIPATE.—Any qualified  
12 pharmacy may enter into an agreement with the Secretary  
13 that enables the pharmacy to sell covered outpatient drugs  
14 to Medicare beneficiaries at a reduced price, by authoriz-  
15 ing the pharmacy to operate as a participating pharmacy  
16 under this Act.

17 (b) RIGHT OF PARTICIPATING PHARMACIES TO OB-  
18 TAIN DRUGS.—An agreement under this section shall enti-  
19 tle the participating pharmacy to purchase any covered  
20 outpatient drug that is listed on the Federal Supply  
21 Schedule of the General Services Administration at the  
22 participating pharmacy discount price for that drug deter-  
23 mined under subsection (d).

24 (c) QUANTITY OF DRUGS PURCHASED.—An agree-  
25 ment under this section shall permit the participating

1 pharmacy to purchase under this Act as much of a covered  
2 outpatient drug as is sold by the pharmacy to Medicare  
3 beneficiaries.

4 (d) PARTICIPATING PHARMACY DISCOUNT PRICE.—

5 (1) IN GENERAL.—The Secretary shall deter-  
6 mine a participating pharmacy discount price for  
7 each covered outpatient drug.

8 (2) DETERMINATION.—The participating phar-  
9 macy discount price for a covered outpatient drug  
10 shall be determined by adding—

11 (A) the price at which the drug is available  
12 to Federal agencies from the Federal Supply  
13 Schedule under section 8126 of title 38, United  
14 States Code; plus

15 (B) an amount that reflects the adminis-  
16 trative costs incurred by the Secretary in ad-  
17 ministering this Act.

18 (e) SPECIAL RULE FOR MEDICARE BENEFICIARIES  
19 ENROLLED IN A HOSPICE PROGRAM.—In the case of a  
20 Medicare beneficiary who makes an election to receive hos-  
21 pice care under section 1812(d)(1) of the Social Security  
22 Act (42 U.S.C. 1395d(d)(1)) provided by, or under ar-  
23 rangements made by, a particular hospice program under  
24 part A of title XVIII of such Act, the hospice program  
25 may enter into agreements with a participating pharmacy

1 to procure for and deliver to such a Medicare beneficiary  
2 covered outpatient drugs at a reduced price under this sec-  
3 tion.

4 **SEC. 4. ADMINISTRATION.**

5 (a) IN GENERAL.—The Secretary shall administer  
6 this Act in a manner that uses existing methods of obtain-  
7 ing and distributing drugs to the maximum extent pos-  
8 sible, consistent with efficiency and cost effectiveness.

9 (b) REGULATIONS.—The Secretary shall issue such  
10 regulations as may be necessary to implement this Act.

11 **SEC. 5. REPORTS TO CONGRESS REGARDING EFFECTIVE-**  
12 **NESS OF ACT.**

13 (a) IN GENERAL.—Not later than 2 years after the  
14 date of the enactment of this Act, and annually thereafter,  
15 the Secretary shall report to the Congress regarding the  
16 effectiveness of this Act in—

17 (1) protecting Medicare beneficiaries from dis-  
18 criminatory pricing by drug manufacturers; and

19 (2) making prescription drugs available to  
20 Medicare beneficiaries at substantially reduced  
21 prices.

22 (b) CONSULTATION.—In preparing such reports, the  
23 Secretary shall consult with public health experts, affected  
24 industries, organizations representing consumers and  
25 older Americans, and other interested persons.

1       (c) RECOMMENDATIONS.—The Secretary shall in-  
2 clude in such reports any recommendations they consider  
3 appropriate for changes in this Act to further reduce the  
4 cost of covered outpatient drugs to Medicare beneficiaries.

5 **SEC. 6. DEFINITIONS.**

6       In this Act:

7           (1) COVERED OUTPATIENT DRUG.—The term  
8 “covered outpatient drug” has the meaning given  
9 that term in section 1927(k)(2) of the Social Secu-  
10 rity Act (42 U.S.C. 1396r–8(k)(2)).

11          (2) MEDICARE BENEFICIARY.—The term  
12 “Medicare beneficiary” means an individual entitled  
13 to benefits under part A of title XVIII of the Social  
14 Security Act or enrolled under part B of such title,  
15 or both.

16          (3) SECRETARY.—The term “Secretary” means  
17 the Secretary of Health and Human Services.

18 **SEC. 7. EFFECTIVE DATE.**

19       The Secretary shall implement this Act as expedi-  
20 tiously as practicable and in a manner consistent with the  
21 obligations of the United States.

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