



Summary of the President's Budget for FY 2010 as it impacts healthcare and access to medicines

The President's budget is called "A New Era of Responsibility: Renewing America's Promise."

The budget identifies new revenues, which would be diverted to a "Health Reform Reserve Fund." This fund totals \$634 billion, to be raised over 10 years, and to be used to fund a "very substantial down-payment" toward comprehensive healthcare reform.

The fund includes \$316 billion from reductions in health care spending:

- 55 percent (\$176 billion) of which comes from reductions in payments to Medicare Advantage plans;
- 9 percent (\$29 billion) from the biopharmaceutical industry, and
- the remainder comes from reductions to other providers (e.g. hospitals, home health) – and related health-system and payment reforms.

The other half of the reserve fund (\$318 billion over 10 years) would be financed by increases in taxes on affluent individuals and families (those families earning over \$250,000 annually) including a provision capping itemized deductions for Americans in the top income bracket.

Key Provisions of interest...

Medicaid:

The Administration is proposing three significant policy initiatives on Medicaid's payment for prescription drugs:

- (1) Increasing Medicaid's flat drug rebate for brand name medicines from 15.1% to 22.1% of the average manufacturers price (AMP);
- (2) extending and collecting rebates on behalf of Medicaid managed care plans (MCOs); and
- (3) applying Medicaid's CPI-based inflation rebate to new formulations of existing drugs.

Medicare:

The President's budget does not repeal the noninterference provision and does not include mandatory rebates or government negotiation that would alter the competitive structure of the Medicare prescription drug program (Part D). Options to achieve savings in the Medicare program include implementing an income-related Part D premium and establishing a competitive system for Medicare Advantage plans.

Why we support the President's initiative...

Making people healthier is the best way to reduce health care spending.

We must address chronic disease if we hope to control costs.

- ❑ Treating patients with chronic diseases accounts for 75% of the nation's health care spending, or \$1.65 trillion.
- ❑ In taxpayer-funded programs, treatment of chronic disease constitutes an even larger proportion of spending: 96 cents per dollar for Medicare and 83 cents per dollar for Medicaid.
- ❑ Two-thirds of the increase in health care spending is due to increased prevalence of treated chronic disease.

We need to look at health care spending holistically.

The best way to stem rising costs is to stop incurring them in the first place—meaning we need to get people healthy and help them stay healthy.

Adherence to medicine is essential to controlling costs.

The effectiveness of a treatment regimen depends on medication adherence. The better a patient complies with the treatment program, the better their health outcomes and the fewer preventable costs incurred. When patients don't take their medicine—for whatever the reason—they're more likely to require more expensive invasive treatments, emergency care, or hospitalization farther down the road.

Out-of-pocket costs should not be a barrier to access.

- ❑ The increasing out-of-pocket cost burden on patients is causing people to forgo needed treatment.
- ❑ Prescription drugs are the least insured medical benefit: 34% of consumer out-of-pocket health care spending goes toward medicines.

Providing every American with a “medical home”—particularly those suffering from chronic conditions—can help improve quality of care and health outcomes.

- *Recent studies have shown that patient populations at risk for health disparities may particularly benefit from the accessible, coordinated care derived through patient-centered medical homes.*

It's critical to enact health reform now.

Health reform is critical to the U.S. economic recovery.

A recent Urban Institute study found that a 1 percentage point rise in the national unemployment rate would increase Medicaid and SCHIP enrollment by 1 million and increase the number of uninsured by 1.1 million.

We must do more to eliminate health disparities.

- *All Americans deserve quality health care, regardless of race, gender, geographic locale, or socioeconomic status.*
- *32.7% of Hispanic Americans and 19.4% of African-Americans are uninsured, versus 10.7% of non-Hispanic whites.*
- *Rural Americans face more barriers to care and have worse health outcomes than their urban counterparts*

Patients and physicians need choices in health care.

Medical care decisions should be the purview of doctors and patients.

Doctors must have the freedom to prescribe different treatments until the best option is identified for each individual patient

Patients must have choices in health care plans and treatments.

One health care plan will not meet the needs of all people.

Medical research and innovation is key to growing our economy and improving the health of our citizens.

U.S. biopharmaceutical research companies are critical to the U.S. economy. We must innovate to control and prevent future health care costs.

Health decreases when new innovation is hindered

Conversations about meaningful healthcare reform are being held in communities around Louisiana. Contact Ms. Delatte at (504) 897-6152 to see how you can participate.