

Drug Prices Spiked As Part D Started

Just as the new Medicare Part D prescription drug subsidy program went into effect at the beginning of this year, drug manufacturers raised the prices of the most widely used brand-name products, according to the

raise his or her out-of-pocket drug costs by \$240 on average for the 12-month period that ended March 31, according to a story appearing in the June 22 issue of the *New York Times*.

The drug industry trade group, the Pharmaceutical Research and Manufacturers Association, challenged the accuracy of the AARP drug price survey, and said drug prices for consumers had increased less than 2 percent since January 1, not 3.9 percent as AARP stated.

If the reports of the higher pharmaceutical prices hold true, there could be premium increases for the millions of seniors enrolled in the Medicare Part D program, according to Stephen W. Schondelmeyer, a University of Minnesota economist who specializes in drug industry issues.

Schondelmeyer said if higher drug prices

lead to higher premiums, many seniors could be discouraged from joining or remaining in the program. As a result, fewer enrollees could drive premiums even higher.

Schondelmeyer also noted that the impact on the six million low-income elderly and disabled who were transferred from Medicaid to the Part D program was particularly severe.

He said Medicaid would have paid 25 to 30 percent less for drugs under the former system because it received rebates for the drugs it purchased.

Ron Pollack of Families USA said the Department of Veterans Affairs which is authorized to negotiate lower prices from drug manufacturers because of bulk purchases, escaped the increases in brand name prices.

The administrators of the Medicare Part

D program are banned from negotiating lower prices under the law establishing the Part D program.

CROWLEY SEEKS VETS' CREDIT SAFETY: Congressmember Joseph Crowley expressed cautious optimism last week when the Veterans Administration (VA) announced that it will offer free credit monitoring for some, but not all, of the 26.5 million veterans and military personnel whose sensitive personal information was stolen from a VA employee last month.

The Queens/Bronx lawmaker said the VA's announcement was a step in the right direction, but, he added, "I remain concerned that this VA proposal falls short of protecting 9 million veterans whose personal data was also stolen, as well as the over 1 million active duty military personnel whose sensitive information was also compromised."

Crowley, the Chief Deputy Whip of House Democrats, noted that the VA's failure to protect the sensitive information of the almost 27 million veterans was one of the worst ever incidents of data theft in the federal government.

The names, Social Security numbers and birth dates of up to 27 million veterans and active duty soldiers were taken from a VA data analyst's suburban Maryland home on May 3, Crowley said. According to a VA announcement last week, those eligible for the credit monitoring will be any of the 17.5 million people who are known to have had their Social Security numbers compromised, "but the remainder will not be afforded any new protections", the VA said.

When the massive data breach was revealed, Crowley co-sponsored the Veterans Identity Protection Act of 2006, which requires the Department of Veterans Affairs to provide one year of free credit monitoring for affected individuals.

Crowley said the legislation would also mandate one free credit report each year for two years after the end of credit monitoring, in addition to the free credit report available under the Fair Credit Reporting Act. Veterans can thus review their credit histories to make sure no further improprieties using compromised data were being committed against them.

Besides supporting the new veterans' protection act, Crowley also helped draft into law tough new protections against identity theft, which allows consumers to place fraud alerts in their credit reports to prevent identity thieves from opening accounts in their names, including special provisions to protect military personnel on active duty.

But because the legislation does not extend protections to the data possibly being compromised by government agencies, the Veterans Identity Protection Act must be enacted.

Crowley said that although the VA announcement about free credit monitoring brings some assurance that veterans will be protected, "I will continue to call upon the Republican leadership in Congress to bring the Veterans Identity Protection Act up for a vote so that we can help ensure that further harm is not caused to the 27 million veterans and active duty personnel at risk of credit card fraud."

Senior Spotlight

By John Toscano

American Association of Retired Persons (AARP) and Families USA, two large senior advocacy organizations.

AARP said the increased prices for the brand-name drugs for the typical senior who takes four prescription drugs a day, could

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