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HEADLINE: Key Senators Say Funds Still Available For Medicare Drug Plan.

BODY:

CQ (9/5, Goldreich) reported "several key senators" said "money is still available for Congress to create a seniors' prescription drug benefit despite a mid-session budget report showing that the Medicare and **Social Security trust funds** may have to be tapped to support other federal spending this fiscal year." Senate Majority Leader Tom Daschle said "creating a Medicare prescription drug benefit remains on his 'wish list' for this year, while insisting that it is up to President Bush to tell Congress how to rewrite the budget to avoid a 'raid' on the entitlement program surpluses." Senate Finance Committee Chairman Max Baucus said "the \$300 billion over 10 years that Congress set aside to create a drug benefit and overhaul Medicare remains available, regardless of the current fiscal situation, if lawmakers can agree on how it should be spent." Baucus said, "There are a lot of ways to skin a cat in terms of effective dates, potential offsets. It really just comes down to the will of senators." Baucus said he "expects to continue working with ranking Finance Committee Republican Charles E. Grassley, Iowa, to develop a bipartisan bill, even though their talks broke down before the August recess over how much of a role private managed care plans should play in delivering drug benefit." Sen. Pete V. Domenici, "the ranking member of the Budget Committee, agreed a Medicare drug benefit bill remains fiscally achievable, noting that the budget resolution (H Con Res 83) would not allow any of the \$300 billion to be spent before fiscal year 2003." Finance Committee member John Breaux, "part of a group working with Grassley on a Medicare bill, also said the \$300 billion is still up for grabs." Breaux said, "The fight will be to increase that. I think everyone agrees that's the minimum. I think with prescription drugs and Medicare, it's a policy problem and not a money problem." CQ added, "But other Democrats continued to snipe at administration officials, saying that Bush's tax-cut package and spending priorities, including more funds for education and defense, would drain both the Social Security and Medicare trusts funds of reserves."

Reuters (9/6) reports, "With federal budget woes dimming prospects for passage of prescription drug benefits for seniors, key lawmakers said on Wednesday they were looking at money-saving measures, such as delaying coverage to 2005, to salvage the popular proposal. Congress earmarked up to \$300 billion toward adding prescription drug coverage to Medicare, the federal health insurance program for the elderly. But that was before budget analysts predicted that a slumping economy and President Bush's \$1.35 trillion tax cut would swallow virtually all of the projected non-Social Security surplus." Reuters adds, "Other options include phasing in coverage over an eight year period." Reuters continues, "On top of the battle over funding, Republicans and Democrats remain at odds over how to structure the legislation. Republicans have insisted that the 36-year Medicare program be updated to reflect changes in health care, along with offering prescription drug coverage that they say should be geared to help lower- income seniors. Democrats have argued that this is a ruse for trying to privatize Medicare, and say drug coverage should be a universal benefit."

VA Prescription Drug Plan Costs Rise Dramatically.

USA Today (9/6, Appleby) reports, "The nation's veterans have a perk that few others do: medication for \$2 per prescription. At a time when Medicare doesn't cover prescriptions at all -- and many private health insurance plans are raising the amount patients pay for drugs -- the Veteran's Health Administration program is a bargain." USA adds, "But the program's growing popularity -- enrollment jumped by 700,000 patients last year -- is putting a strain on the Department of Veterans Affairs. The program is projected to spend \$2.5 billion on drugs this year, out of a total budget of about \$20.2 billion." USA continues, "A House Veterans Affairs subcommittee will hear a controversial plan Thursday to let veterans bring prescriptions from private-sector doctors directly to the VA, bypassing the current requirement that veterans see a VA doctor first. The plan is opposed by VA Secretary Anthony Principi, who testified at a congressional hearing in July that the agency was not meant to be a pharmacy. Some veterans groups fear that without additional funding, the policy would hurt other programs, such as specialized care for the disabled. But a recent study by the Office of the Inspector General for Veterans Affairs found that allowing the VA to fill prescriptions without a visit to a VA doctor could reduce duplicative doctor visits, tests and other expenses, potentially saving the VA \$1.3 billion a year."

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