

ASSEMBLY JOINT RESOLUTION NO. 6—ASSEMBLYMEN BUCKLEY, OCEGUERA, LESLIE, MCCLEARY, ANDERSON, ALLEN, ARBERRY JR., ATKINSON, CARPENTER, CONKLIN, DENIS, GERHARDT, GIUNCHIGLIANI, GOICOECHEA, GRADY, HARDY, HOGAN, HOLCOMB, HORNE, KIRKPATRICK, KOIVISTO, MANENDO, MCCLAIN, MORTENSON, MUNFORD, OHRENSCHALL, PARKS, PARNELL, PERKINS, PIERCE, SHERER, SIBLEY AND SMITH

MARCH 21, 2005

JOINT SPONSORS: SENATORS TITUS, COFFIN,
CARE, SCHNEIDER AND LEE

Referred to Committee on Commerce and Labor

SUMMARY—Urges Congress to amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to provide affordable, easily understood coverage for prescription drug benefits. (BDR R-152)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted-material] is material to be omitted.

ASSEMBLY JOINT RESOLUTION—Urging Congress to amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to provide an affordable, easily understood comprehensive program for coverage of prescription drug benefits.

- 1 WHEREAS, On December 8, 2003, President George W. Bush
- 2 signed into law the Medicare Prescription Drug, Improvement, and
- 3 Modernization Act of 2003, under which, beginning on January 1,
- 4 2006, prescription drug benefits will be available to beneficiaries of
- 5 Medicare through complicated local private plans or Medicare
- 6 Advantage managed care plans that contract with the United States
- 7 Department of Health and Human Services; and



1 WHEREAS, This procedure will divide recipients of Medicare by
2 income levels and regions, thus removing the universality and
3 uniformity that have been hallmarks of Medicare and have resulted
4 in such strong acceptance and support of the program since its
5 inception in 1965; and

6 WHEREAS, Under this new program, recipients of Medicare who
7 choose to participate after January 2006 will pay a premium of
8 approximately \$35 each month, totaling \$420 for the first year,
9 which will be increased each following year, and if a person does
10 not enroll within the first 6 months of eligibility, a penalty fee of
11 approximately 1 percent for each month after the 6-month period
12 will be assessed upon enrollment; and

13 WHEREAS, During the first year, beneficiaries will have a
14 deductible of \$250 and will be forced to pay for a coverage gap for
15 prescription drugs, known as the "doughnut hole," which will result
16 in the payment of an additional \$2,850 after the total cost of their
17 prescription drugs reaches \$2,250, before Medicare resumes
18 payments, and these costs will increase each year; and

19 WHEREAS, Estimates from the Congressional Budget Office
20 indicate that by the year 2013, the average cost of the monthly
21 premium for prescription drug coverage will have increased to \$58,
22 the average deductible will be \$445 and the annual cost to the
23 beneficiary to pay for the coverage gap will have risen to \$5,066;
24 and

25 WHEREAS, These increased costs will significantly exceed the
26 annual cost of living increases in Social Security payments, and the
27 Medicare Prescription Drug, Improvement, and Modernization Act
28 of 2003 contains no provisions that specifically address containment
29 of prescription drug costs; and

30 WHEREAS, The Medicare Prescription Drug Improvement, and
31 Modernization Act of 2003 inexplicably prohibits Medicare from
32 using its purchasing power to negotiate lower drug prices for
33 beneficiaries, even though other federal agencies, such as the
34 Department of Veterans Affairs and the Department of Defense,
35 negotiate the prices of prescription drugs for those covered by their
36 programs and receive favorable rates that have resulted in
37 substantial cost savings; and WHEREAS, After the new coverage
38 begins in 2006, Medigap policies that include prescription drug
39 benefits cannot be sold and persons who do have a Medigap policy
40 with drug benefits will have to choose between keeping that policy
41 or enrolling in the new plan, so there will be no third-party sources
42 to help pay for the coverage gap for prescription drugs; and

43 WHEREAS, Each prescription drug plan will have its own list of
44 preferred prescription drugs that are covered, so that beneficiaries



1 will have less access to the full range of drugs and fewer protections
2 against higher costs; and

3 WHEREAS, The difficulty of and the confusion caused by the
4 provisions of this Act are inexcusable, the inequity in costs of
5 prescription drugs is unfair and the costs of the program are
6 unaffordable to many recipients; now, therefore, be it

7 RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF
8 NEVADA, JOINTLY, That the members of the 73rd Session of the
9 Nevada Legislature urge Congress to amend the provisions of the
10 Medicare Prescription Drug, Improvement, and Modernization Act
11 of 2003 to provide an affordable, easily understood comprehensive
12 program for coverage of prescription drug benefits; and be it further

13 RESOLVED, That the program be amended to provide
14 beneficiaries of Medicare with stable access to prescription drugs
15 without extraordinary out-of-pocket costs and without unreasonable
16 premiums, deductibles or copayments; and be it further

17 RESOLVED, That to lower the costs of the prescription drugs
18 provided to beneficiaries, the program be amended to authorize the
19 Department of Health and Human Services to negotiate discounts
20 with pharmaceutical companies and, without requiring any
21 unnecessary prerequisites to be met, to import lower-cost
22 prescription drugs from Canada; and be it further

23 RESOLVED, That the Chief Clerk of the Assembly prepare and
24 transmit a copy of this resolution to the Vice President of the United
25 States as the presiding officer of the Senate, the Speaker of the
26 House of Representatives, the Secretary of the Department of Health
27 and Human Services and each member of the Nevada Congressional
28 Delegation; and be it further

29 Resolved, That this resolution becomes effective upon passage.



