

To: All concerned parties

Date: April 28, 2007

Re: The Medicare Part D Prescription Drug Benefit & Government Negotiation

Luntz Maslansky Strategic Research Group and Penn, Schoen & Berland Associates recently conducted a 10 state survey that measured public opinion on the current legislative proposal that would require Congress to negotiate Medicare prescription drugs prices with pharmaceutical companies. This memo serves as a summary of our findings and results.

Medicare Part D is Currently Well Received

Currently, public opinion among voters in these 10 states on the Medicare Part D prescription drug program is positive and has remained constant over the past several weeks.

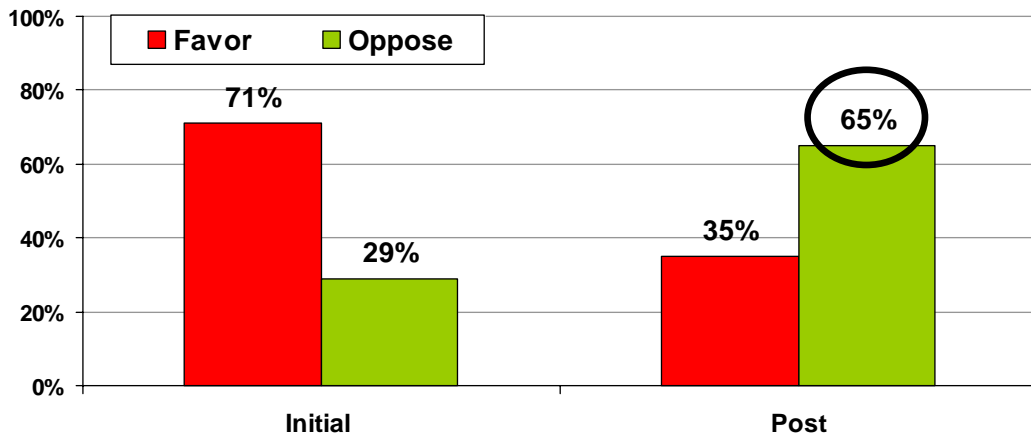
- *63% of voters nationally say enrollees are saving money.*
- *70% of voters nationally say the program is a step in the right direction.*

National surveys mirror these findings and other public surveys have repeatedly reported that satisfaction levels among enrollees are much higher; roughly eight-in-ten enrollees expressing satisfaction with their plans.

When Alternatives or Downsides are Understood, Voters Oppose Government Negotiation

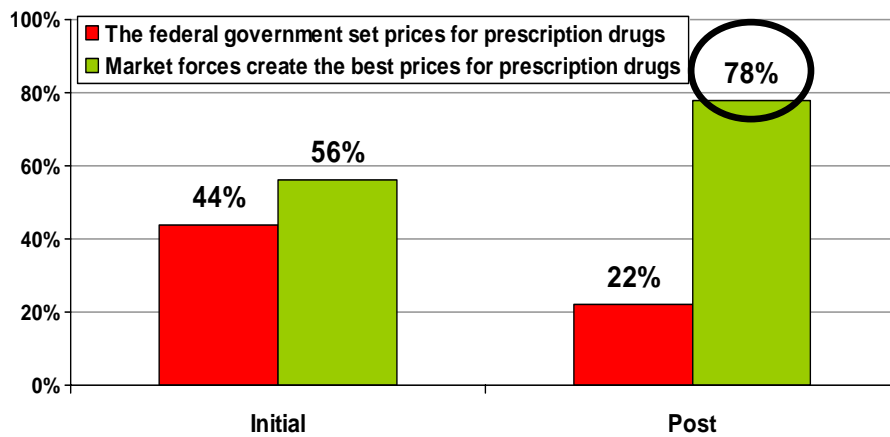
While voters in these 10 states offer initial support for the current proposal that would require Congress to negotiate Medicare prescription drug prices with pharmaceutical companies, **once voters are informed about the potential negative implications of the proposal, the public overwhelmingly opposes it.**

- Initially, 71% of voters support government negotiation and 29% oppose it. However, the way this question traditionally has been worded, voters have received no details about the proposal, alternative options, or its possible consequences.
- After being informed about the potential negative implications of the proposal, opinion flips, and only 35% support government negotiation and 65% oppose it. There is majority opposition across Democrats, Republicans and Independents.



Q: Do you favor or oppose the current proposal in Congress that would require the federal government to negotiate Medicare prescription drug prices with pharmaceutical companies?

Furthermore, when given an objective choice, voters prefer market forces to create the best prices for prescription drugs rather than government price setting initially by 12 points. After voters are informed of the potential negative consequences of the proposal, they overwhelmingly prefer market forces by nearly a 4:1 margin.



Question: I would rather see...

[Concern About the Gov't Limiting Access to Prescription Drugs Shifts Public Opinion](#)

Learning that the proposal could limit access to prescription drugs dramatically erodes support for government negotiation.

- 86% oppose the proposal when they learn it could limit access to new prescription drugs.
- 86% oppose the proposal when they learn it could restrict choice of prescription drugs.
- 84% oppose the proposal when they learn similar proposals in other countries like England and Australia have restricted access to prescription drugs.
- 78% oppose the proposal when they learn that it would give the government the right to create a single list of government-approved prescription drugs.

Percent OPPOSED to the current Congressional proposal that would require the federal government to negotiate Medicare prescription drugs prices with pharmaceutical companies if it would...		
		% OPPOSED to Congressional Proposal
LIMIT ACCESS TO NEW Rx DRUGS	What if you knew this proposal would give the government the right to limit seniors' access to some of the newest breakthrough prescription drugs and medicines?	86%
RESTRICT CHOICE OF Rx DRUGS	What if you knew this proposal would allow the government to restrict doctors' and patients' ability to choose the drugs they think are most effective in treating a certain disease or illness?	86%
RESTRICT ACCESS TO Rx DRUGS	What if you knew that in England and Australia, where the government negotiates prescription drug prices, the government has restricted access to prescription drugs for such diseases as Alzheimer's, breast cancer and cervical cancer?	84%
ALLOW ONLY GOV'T APPROVED Rx DRUGS	What if you knew this proposal would give the government the right to create a single list of government-approved prescription drugs for seniors to choose from?	78%

[Voters Have Clear Reservations about Government Negotiation](#)

In this survey, voters were also asked a series of questions about their opinions of government negotiation and related topics, which collectively suggest deep reservations about the proposal.

- 94% agree that the best kind of prescription drug coverage is the kind that Members of Congress have, which allows them to choose their coverage from private insurers that compete to provide the lowest prices and the best savings.
- 84% agree that the government is an inefficient purchaser of goods.
- 75% agree that government negotiation would limit access to prescription drugs.
- 74% agree that the market should set prescription drug prices, not the government.
- 67% agree that government negotiation gives the federal government too much authority and is a dangerous precedent.

<i>Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree?</i>		
		% AGREE with Statement
Congressional Rx drug plan is best	The best kind of prescription drug coverage is the kind that Members of Congress have. They can choose their coverage from private insurers that compete to provide the lowest prices and the best savings. Seniors deserve the same kind of choices as Members of Congress.	94%
Gov't is inefficient purchaser	When the federal government buys things, it costs more, not less. It was the U.S. government, and not the private sector, that paid \$500 for a hammer and \$1,000 for a toilet seat.	84%
Gov't negotiation would limit access to Rx drugs	If government agencies set prescription drug prices, they also will determine which drugs are covered and which are not. Seniors may not get all the drugs they need, and the government would likely limit access to some of the newest medications, just like they do in other parts of the world.	75%
Free market should set Rx drug prices	The federal government should provide oversight for the Medicare drug program, but it should not be in the business of setting prices for drugs. Free market competition among private health plans negotiating for low prescription drug prices is the best way to maximize consumer choice and keep prices low.	74%
Negotiation gives gov't too much authority	Requiring the government to negotiate drug prices sets a dangerous precedent and gives the government too much authority over healthcare decision making.	67%

Bottom Line

In the end, 80% of voters judge the proposal as “not worth it” after learning that the Congressional Budget Office has reported that granting the federal government the power to negotiate drug prices will not save enough money to fill gaps in coverage.

	Worth It	Not Worth It
Overall	20%	80%
Democrats	31%	69%
Republicans	12%	88%
Independents	19%	81%

Q: What if you knew that the Congressional Budget Office said that government negotiation won't save any money to help pay for filling gaps in coverage. In your opinion, is it worth it to require the government to negotiate drug prices if it does not lead to better coverage for seniors, or is it not worth it?

And 78% agree that government negotiation of drug prices is not the way to improve the Medicare prescription drug benefit.

	Agree	Disagree
Overall	78%	22%
Democrats	72%	28%
Republicans	82%	18%
Independents	80%	20%

Q: Some experts say that the Medicare prescription drug benefit program can be improved, but not by requiring government officials in Washington to negotiate drug prices. Do you... ?

Methodology

Luntz Maslansky Strategic Research Group and Penn, Schoen & Berland Associates conducted 905 interviews in the states of Alaska, Arizona, Minnesota, Mississippi, Nebraska, New Hampshire, Pennsylvania, South Carolina, Tennessee, and Texas.

Interviews were conducted among likely general election voters between April 11 - 15, 2007.

The overall margin of sampling error is +/-3.26% and larger among subgroups.