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ROD R. BLAGOJEVICH - GOVERNOR

NEWS

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**Governor signs legislation to dramatically lower prescription drug costs for seniors and the disabled**  
*Appoints special advocates to oversee first-in-the nation drug discount club and leverage state drug purchases*

PEORIA, ILL. – Gov. Rod R. Blagojevich today signed legislation aimed at making prescription drugs more affordable for Illinois' senior citizens and the disabled by creating a first of its kind program that combines the purchasing power of a drug discount club with that of state agencies that spend nearly \$2 billion a year on drugs for state programs.

“For far too long, seniors in our state have had to choose between paying for the medications they need and being able to live the lives they’ve earned. They shouldn’t have to make that choice,” the governor said. Blagojevich made his remarks at the Neighborhood House in Peoria, a place where, during the 2002 Democratic primary campaign for governor, he had outlined a his comprehensive plan to provide prescription drugs to seniors and the disabled regardless of their income.

By leveraging the massive buying power of the state’s seniors and disabled with that of nine state entities that purchase \$1.8 billion in drugs a year on behalf of state employees and various state-supported programs, the governor expects pharmaceutical companies will be enticed to participate and offer lower prices and higher rebates that will dramatically reduce prescription costs for those not covered by Medicare.

Under the terms of the legislation (companion bills House Bill 209 and Senate Bill 3), a state-run club for seniors and the disabled will allow members to present a membership card at participating pharmacies to receive state-negotiated discounts averaging between 20 percent and 30 percent on the cost of prescription drugs. Those eligible to enroll in the club – Illinois residents 65 years of age or older and the disabled – can join for a \$25 a year fee that will be used to offset the cost of state workers to administer the plan and possibly a private contractor to manage the program. Circuit Breaker participants will be automatically enrolled in the program and help build market share with its 50,000 members. It has been estimated that more than 1.5 million people may be eligible for membership in the club.

Under the plan, seniors who pay \$130 for Prilosec – an acid reflux medicine – could save up to \$40. Seniors who pay \$184 for Relafen – an anti-inflammatory drug – could save \$60.

While the exact discounts will not be determined until negotiations with the pharmaceutical manufacturers and pharmacists take place, Blagojevich commended pharmacist for coming to the table early during negotiations on the legislation and for working to ensure that all Illinois seniors will have access to this program.

Despite recent indications in Washington that approval may be near to expand Medicare to help seniors with high drugs costs, Blagojevich said he wasn’t about to wait for a plan that the federal

government has considered for years and that isn't slated to begin until 2006.

The governor expressed a need to act quickly so that the state could help provide relief to seniors, including middle-income seniors, such as Ray and Gaylee Andrews of Elk Grove Village, who do not qualify for government prescription drug assistance programs. In the absence of a federal Medicare benefit, most assistance programs only help the lowest income seniors and leave those with middle incomes defenseless in the fight for fair drug costs.

Ray and Gaylee, both 74 years of age, earn \$36,000 a year and pay nearly \$12,000 for prescription drugs, but don't qualify for government medicine assistance. The couple, who fought for passage of this legislation, recently considered selling their family home to help pay for the rising costs of their prescriptions.

"Providing a prescription drug benefit has and always should be the responsibility of the federal Medicare program," Blagojevich said. "In the absence of federal help, however, we can no longer look the other way as our middle income seniors, such as Ray and Gaylee, spend their life savings simply to keep pace with unfair drug costs. This plan will help ensure they are not fighting this battle alone. We will stand behind our seniors.

"Prescription drugs are a very cost-effective 'first line' of defense in preserving and enhancing seniors and other citizens' health and quality of life. Seniors make up about 13 percent of our population, but yet they account for 42 percent of all drug spending. It has become painfully apparent something had to be done and it is an appropriate role for government step in and help."

In addition to the legislation, the governor issued an Executive Order to create a Special Advocate's Office in the [Illinois Department of Central Management Services](#) to leverage the state's drug purchasing power to negotiate lower prices and higher rebates. Centralizing the state's drug purchases is expected to save an estimated \$120 million this year to help close the state's record budget deficit, while protecting expenditures for health care, education and public safety programs.

Blagojevich announced the appointments of the two special advocates – Scott McKibbin, 39, Naperville, and Ram Kamath, 50, Downers Grove. They will be responsible for generating savings for the state through the centralized purchasing, designing the prescription drug discount card program and finding other creative ways to achieve savings on drug prices, including the exploration of multi-state purchasing pools.

McKibbin has 15 years experience in consulting with states to achieve savings on prescription drug spending and designing discount card programs and most recently was a senior consultant for Health Management Associates in Chicago. Kamath is a pharmacist with 20 years experience in hospitals and managed care purchasing and most recently was director of pharmacy at Dreyer Medical Clinic in Aurora.

Lawmakers in the House and Senate unanimously passed the prescription drug bills last month after Blagojevich called for its enactment in his March State of the State speech. It was sponsored by state Sen. Debbie Halvorson, D-Crete, and state Rep. Jack Franks, D-Woodstock.

"I want to thank Sen. Halvorson and Rep. Franks for their leadership in the General Assembly on this issue," the governor said. "Without their stewardship, our new plan could not have achieved the unanimous support it received upon final passage."

Blagojevich also recognized Lynda DeLaforge and Bill McNary of Citizen Action Group; Donna

Ginther of AARP; Steve Pittman and Hal Gullett of the Illinois Alliance for Retired Americans; Davie Vite of the Illinois Retail Merchants Association; Chuck Sauers and the Illinois Pharmacists Associations; Dorris Clark and Joanne Webb Gauvin of AFSCME Retirees Chapter; and Charles Johnson, director of the Illinois Department on Aging for helping get the legislation passed.

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