CONSORTIUM
for
CITIZENS
with
DISABILITIES

November 20, 2003

Dear Member of Congress:

We are writing as members of the Consortium for Citizens with Disabilities (CCD), a Washington-based coalition of national disability organizations that advocates on behalf of the 54 million people with disabilities and chronic conditions in the United States. After careful deliberation of the publicly available information on the Medicare conference report, we are very disappointed that the conference committee has produced a bill that we simply cannot support.

This Congress, in our view, has missed an historic opportunity to finally provide prescription drug coverage to millions of senior citizens and people with disabilities who receive their health care through either the Medicare program alone or in coordination with the Medicaid program. We strongly support the creation of a prescription drug benefit that meets the needs of Medicare beneficiaries and "dual eligibles." Regrettably, Congress has chosen to couple a marginal drug benefit with a series of fundamental structural changes to the program that will undoubtedly have a severe negative impact on people with disabilities.

Over 13 million Medicare beneficiaries have a disability or chronic health condition. The poorest and most vulnerable are dual eligibles, who (more than other Medicare beneficiaries) rely extensively on prescription drug coverage in addition to services and devices to meet their basic health care needs. Our inability to support this bill stems from our overall concern that over the next decade, it shifts resources from a successful government program to the private, for-profit sector. This bill will also shift resources away from people requiring complex or frequent care, such as people with disabilities and chronic conditions, to a relatively healthy Medicare population.

Many provisions in the bill segment the Medicare risk pool in a manner that will result in higher costs and compromised care for people with disabilities and chronic conditions. Taken together, a number of provisions in this bill serve to undermine the entitlement to Medicare that has served this country so well for the past four decades.

Specifically, the CCD has the following concerns that impact people with disabilities and chronic conditions:

- ***The Medicare Drug Benefit*** does not provide adequate coverage for people with disabilities. The benefit, as a whole, is substantially less generous than all other

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Medicare benefits and the vast majority of private and government-sponsored plans that cover prescription drugs. Additionally, the bill has a considerable "gap" in coverage starting at $2,200 in annual drug costs until an individual has spent $3,600 in out-of-pocket drug expenses.

- ***Drug Formularies*:** Too few consumer protections are provided to ensure that people will have access to all medically necessary medications. Retreating from the standards established in the Medicaid statute for formularies will be harmful for people with serious and chronic health conditions and disabilities.

- ***Medicaid "Wrap":*** Millions of "dual eligibles" with disabilities and chronic health conditions, who now depend on Medicaid to pay for the prescription drugs they need to maintain their basic health, will lose access to medications. By permitting the development of Medicare formularies that will restrict access to needed drugs and prohibiting Medicaid from serving as a secondary payer for medications not on the formulary, the agreement could force people with disabilities (e.g. epilepsy or mental illness) to forego medications they need leading to less effective or no treatment. This could result in injury or debilitating side effects which require hospitalization or other costly medical interventions.

- ***Health Savings Accounts***, also known as Medical Savings Accounts (MSAs), would undermine the health care system and be especially harmful to people with disabilities and others who rely on insurance to finance a high level of services. Health Savings Accounts provide the incentive to healthier and higher income people to leave the traditional insurance market. This could de-pool the current insurance system that seeks to spread the unpredictable risks for financing care for a relatively small number of people with disabilities and chronic conditions across society. Both people with disabilities and non-disabled people lose by weakening the insurance system.

- ***Medicare Competitive Bidding for Durable Medical Equipment*** will cause a long-term reduction in quality and access to high quality assistive devices and services for people with disabilities. In addition, competitive bidding limits beneficiary choice of provider.

- ***Premium Support Demonstration:*** The prospect of Medicare fee-for-service competing directly with managed care health plans poses too many risks for private plans to "cherry pick" healthier beneficiaries and increase costs for people with disabilities who remain in Medicare fee-for-service.

- ***Means Testing the Part B Premium*** undermines the basic premise of Medicare as an insurance program, causing a disproportionate share of wealthier (and healthier) beneficiaries to leave the program over time, thereby diluting the risk pool further and raising costs for people with disabilities.
- ***Cost Containment:*** Requiring Congressional intervention if general revenue contributions exceed 45% of program spending is an unprecedented tactic designed to

strengthen the hand of those in the future who seek to dilute the entitlement nature of the program and favor a premium support model.

- ***The Asset Test*** in the conference report could block almost four million Medicare beneficiaries with incomes of less than 135% of poverty from getting help with their prescription drug premiums, deductibles, and co-payments. This test is unnecessary and comes at a cost of imposing significant administrative burdens on states to implement such a test. It would also require state officials to ask intrusive questions about the possessions of Medicare beneficiaries and make complex decisions about the value of an individual's possessions. It is unlikely that this test would be implemented evenly or fairly across states.

As you consider how you will vote on this important conference report, thank you for consideration of our views and concerns.

Sincerely,

Advancing Independence
American Network of Community Options and Resources
American Association of People with Disabilities
American Association on Mental Retardation
American Association on Health and Disability
Association of Academic Physiatrists
Association of Tech Act Projects
Association of University Centers on Disabilities
Bazelon Center for Mental Health Law
Brain Injury Association of America
Council of Parent Attorney and Advocates
Disability Service Providers of America
Easter Seals
Eastern Paralyzed Veterans Association
Epilepsy Foundation
Family Voices
Federation of Families for Children's Mental Health
National Association of Councils on Developmental Disabilities
National Association of Disability Representatives
National Association of Protection and Advocacy Systems
National Association of Rehabilitation Research and Training Centers
National Mental Health Association
National Organization of Social Security Claimants' Representatives
National Association of Social Workers
National Respite Coalition
NISH
Paralyzed Veterans of America
The Arc of the United States
United Cerebral Palsy

World Institute on Disability