Center for Medicare Advocacy, Inc.

www.medicareadvocacy.org

November 17, 2003

Dear Senator:

The undersigned organizations represent elders and people with disabilities to assure their access to Medicare and quality health care. Collectively, we have educated and advocated for hundreds of thousands of Medicare beneficiaries and their families over the last several decades. Based on our experiences and our conversations with our clients, we believe that the conference agreement on the pending Medicare legislation does not meet the needs or concerns of the individuals who rely on Medicare. **We urge you to vote against the conference agreement.**

- **The proposed drug benefit remains inadequate.** The agreement retains the "doughnut hole" in which no coverage is provided. Beneficiaries with multiple chronic conditions will therefore continue to have large out-of-pocket expenses once they have reached this gap. In addition, the proposal weakens the Senate "fall back" provision, raising concerns whether elders and people with disabilities in all parts of the country will have access to prescription drug policy coverage.

- **The proposed agreement will undermine the uniformity and guarantee of Medicare and turn it into a defined contribution program.** Even in its most limited form, the premium support or voucher "demonstration" will cause elders and people with disabilities to pay different amounts for Medicare in different parts of the country, and even different amounts within the same state. The voucher system will shift costs to Medicare beneficiaries, resulting in the most frail paying more for their health care.

- **The proposed agreement retains an asset test that will prevent many low-income individuals from qualifying for the low-income protection included in the bill.** As a result, these individuals will not get the assistance they need with their prescription drug costs.

- **The proposed agreement will result in millions of retirees losing their current retiree health coverage.** The proposed tax credit for employers who retain current health coverage provides no relief to state and local governments and non-profit employers who do not benefit from a tax credit and still does not guarantee that other employers will not reduce their coverage.

- **The proposed agreement worsens the crisis caused by the continued escalation of drug prices.** It precludes the Secretary of Health and Human Services from exercising the same authority as the Veterans Administration and negotiating the best drug prices. The proposal includes an ineffective policy concerning drug importation, further limiting access to affordable prescriptions.

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- **The proposed agreement creates a Medicare funding crisis by adding Medicare accounting rules that were not included in the bills passed by either the House or the Senate.** In addition, the new accounting rules do not apply to any other government program, including education, defense, and tax cuts. These new accounting rules will create a false Medicare insolvency which, in turn, will result in cuts in current benefits, causing older people and people with disabilities to assume more, not less, of their health care costs.

- **The proposed agreement undermines the uniformity of Medicare by requiring people with higher incomes to pay more for their Part B coverage.** In addition, the income-relating provisions raise privacy concerns as beneficiaries will be required to disclose confidential financial information to Medicare.

- **The proposed agreement wastes money that could be used to improve the drug benefit on tax shelters for the rich.** The Health Savings Accounts created under the agreement have nothing to do with Medicare. These tax shelters for the wealthiest Americans will take healthy workers from employer-based plans, thereby jeopardizing the health benefits of working class citizens.

- **The proposed agreement furthers the overpayment of private plans.** Despite continued findings by MedPAC that HMOs and PPOs are overpaid, the agreement would overpay these plans by twenty to thirty percent. Thus, they will be able to provide better benefits and lower premiums in the limited areas where they are available. The increased payments will also contribute to Medicare's reaching the newly created solvency crisis levels sooner.

The individuals we represent, Medicare beneficiaries and their families, want a guaranteed, uniform prescription drug benefit that is affordable, available everywhere, and offered through the Medicare program. They do not want changes that destabilize the structure of the current Medicare program. The proposed conference agreement does not reflect what those who utilize Medicare want and reasonably expect. We therefore urge you to vote against the conference agreement.

Sincerely,

Judith A. Stein / vg
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Center for Medicare Advocacy, Inc.

On behalf of

Arizona Center For Disability Law
Center for Health Care Rights, Los Angeles, CA
Connecticut Association of Area Agencies on Aging
Elderly Law Project of Community Legal Services in Philadelphia
Florida C.H.A.I.N. Community Health Action Information Network
Florida Legal Services

Human Services Coalition of Miami-Dade County
Legal Assistance to the Elderly, Inc., San Francisco, CA
Medicare Advocacy Project of Greater Boston Legal Services on behalf of its eligible clients
National Health Law Program
National Organization of Social Security Claimants' Representatives
National Senior Citizens Law Center
New York State Alliance for Retired Americans
PRO Seniors Health Care Consumer Rights Project, Cincinnati, OH
Senior Citizens Law, Albuquerque, NM