



June 23, 2003

RE: OPPOSE THE HOUSE MEDICARE PROPOSAL

Dear Representative:

We write to urge your strong opposition to the Medicare Prescription Drug and Modernization Act that will be considered in the House this week. USAction is one of the nation's largest consumer activist organizations, with 33 affiliates, including 23 statewide affiliates.

The Republican proposal, passed by both the Energy and Commerce and Ways and Means Committees last week, goes even further in privatizing Medicare than the bill currently being debated in the Senate.

America's seniors and people with disabilities who use Medicare are crying out for a prescription drug benefit. They want an affordable, comprehensive drug benefit offered within the traditional Medicare program. Instead, the House bill puts seniors and the disabled at the mercy of private HMOs, PPOs, and insurance companies.

- **The House bill does not offer a drug benefit through Medicare.** Instead, under the plan passed by both Committees last week, seniors and people with disabilities will have to purchase their prescription benefit plans from HMOs and the private insurance industry.
- **The House bill does not make drugs affordable.** Seniors and people with disabilities would have to pay a monthly premium – estimated at \$35 per month, but HMOs, PPOs, and the new stand-alone Rx drug insurance plans will determine the actual cost since the bill does not include that premium amount. They would pay the first \$250 of prescription drug costs and then pay 20 percent of all of their drug costs from \$251 to \$2,000 every year. Then seniors and people with disabilities would get no help at all until their total drug costs reached \$4,900. Nearly half of Medicare beneficiaries would fall through this “coverage gap” every year, while still having to pay their monthly premiums, so that they could receive benefits again after reaching the \$4,900 mark.
- **The bill includes no cost-containment provisions, which is one of the reasons the benefits are so poor.** Because the plan fails to rein in the high cost of prescription drugs by stopping the price gouging of the drug industry, Americans will continue to

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- pay the highest prices for Rx drugs in the world.
- **The House bill does not offer any benefits now** – except for a discount card which seniors and people with disabilities can now get from a number of sources.
 - **The House GOP bill, unlike its Senate counterpart, is specifically designed to privatize the entire Medicare program, not just the new prescription drug benefit.** The Republican bill includes a “competitive bidding” provision. **Under this provision, by 2010 if the Medicare program is unable to bid lower than private plans to provide hospital and physician benefits – not just Rx drugs – in 10 or more arbitrary regions of the country, than Medicare beneficiaries would have to pay much higher costs.**

These are just a few of our concerns – the bill has numerous other drawbacks. In essence, it breaks the long-standing guarantee of Medicare to provide affordable, stable, reliable coverage to all eligible Americans. Medicare is the single most effective – and most cost-efficient – piece of national health care legislation in American history.

On behalf of our affiliates, we again strongly urge you to stand up for senior citizens and people with disabilities by VOTING NO on this legislation.

Sincerely,

Helen Gonzales
Policy Director