

LARSON URGES PRESCRIPTION DRUG BILL CONFEREES TO ADDRESS CONCERNS OF CT SENIORS DURING NEGOTIATIONS

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Congressman Plans to Introduce Legislation to Reduce Drug Costs

HARTFORD- In a letter sent this week, U.S. Congressman John B. Larson (CT-01) urged members of Congress currently working to reconcile the House and Senate versions of the prescription drug relief bill to address problems in both measures and protect the needs of seniors in the final legislation. The letter was written to all 17 members of the joint House and Senate conference committee, who are working to resolve differences between H.R. 1, passed by the House and S.1, passed by the Senate.

"Neither piece of legislation will be effective in bringing Americans the prescription drug relief they need," said Larson. "Unfortunately, what is worse is that both bills will do serious harm to the Medicare program, which seniors have come to know and trust. The conferees have the opportunity to address these issues and I hope that they act to make these changes in the interest of seniors in this nation."

Larson also announced that when the House of Representatives goes back into session next week, he will introduce legislation designed to lower the cost of prescription drugs for Medicare participants. The bill Larson will introduce will create a consortium led by the Secretary of Health and Human Services to negotiate prescription drug prices with pharmaceutical companies. These agencies would use their collective buying power to determine the maximum price that the companies could charge Medicare prescription drug providers for the covered drugs, resulting in significant savings for the 40 million seniors enrolled in Medicare. It is based on the model currently used by the U.S. Department of Veterans Affairs to secure lower costs for veterans.

Regarding the legislation he will introduce, Larson stated: "This will bring real prescription drug relief to seniors enrolled in the Medicare program by using the same buying principles for Medicare recipients that the VA currently uses to gain dramatic prescription drug savings for veterans. Essentially, it will leverage the tremendous buying power of the federal government. The Secretary of Health and Human Services as well as the Departments of Defense and Veterans Affairs negotiate the maximum prices that pharmaceutical companies could charge Medicare drug providers for prescription drugs, passing the savings on to seniors," said Larson.

Judith Stein of the Connecticut-based Center for Medicare Advocacy stated: "S. 1 and H.R. 1, the prescription drug legislation that passed the Senate and the House of Representatives respectively, on June 27, 2003, do more than add a prescription drug benefit to Medicare. Both bills make substantial changes to the Medicare services. Both bills increase reliance on private insurance to provide Medicare services. These changes are so dramatic in scope that, given the inadequacy of the prescription drug benefits proposed they raise serious questions about the overall merits of both bills."

The text of Larson's letter to conferees is as follows:

Over the past several months, I have held forums in my district and met with seniors to discuss the many issues Congress is addressing in H.R. 1 and S. 1. While adding a prescription drug benefit to Medicare is a major focus of this legislation, both bills make substantial changes to the Medicare program, including imposing additional costs on beneficiaries for current Medicare services. As you work to reconcile the differences between the House and Senate-passed bills, I want to share with you the concerns that have been voiced to me by seniors in Connecticut.

First, there is concern that both bills are designed to force seniors and people with disabilities who rely on Medicare into HMOs and other private insurance plans. Both bills would increase the cost of traditional Medicare, making the traditional program too expensive for many people. Both dramatically increase the Part B deductible, the House starting immediately and the Senate in 2006. The House bill would make traditional Medicare even more expensive starting in

2010, when the program would have to compete against private plans. Both bills also add co-payments for services for which Medicare currently charges no co-payment.

Additionally, both bills require HMOs and private plans to offer benefits like catastrophic coverage and coordinated care for chronic conditions that will not be available in traditional Medicare. These benefits are crucial for all beneficiaries and should be added to the traditional program as well.

Both bills also increase the reimbursement for HMOs and private plans so that these plans will receive even more funding than traditional Medicare. HMOs are already paid more than Medicare pays on behalf of people in the traditional program. The majority of beneficiaries who prefer the traditional program need assurance that traditional Medicare will be adequately funded.

Concerns have also been raised that both bills increase the bureaucracy and complexity of Medicare by creating a second government agency to share in the running of the Medicare program. This could result in duplication of effort and the need for coordination of activities, and possibly cause confusion for beneficiaries who seek assistance.

The seniors I have talked with are also concerned about choice. Once a beneficiary makes a choice of a plan, the beneficiary will be stuck with the plan. Currently, beneficiaries may enroll in or disenroll from an HMO or other private plan at any time. Both bills will limit the ability of beneficiaries who realize an HMO is not meeting their health care needs to change plans in order to get the required health services. Under the House bill, beneficiaries could only change plans during the annual enrollment period in the fall. The Senate bill phases in this "lock-in" a little more slowly, allowing one change early in the year during the first two years the law is in effect.

Although Congress wants to promote "choices" by beneficiaries, the House bill would allow Medicare to provide less of the information beneficiaries need to make those choices. Currently, Medicare mails to all beneficiaries, in the Medicare & You Handbook sent out in the fall before the annual coordinated enrollment period, information about any HMOs or other plans in their community. The House bill says that Medicare will only have to mail the information required by law "if it is available." Thus, an HMO that plans to increase its co-payments or otherwise changes its benefits may decide not to make that information available until after the Handbook is mailed, meaning that beneficiaries will not know about the changes when they decide which, if any, plan is best for them.

Finally, some seniors are concerned that both bills may weaken beneficiary rights. Changes made by these bills to the traditional Medicare appeals process will weaken the ability of beneficiaries to present all of the evidence on their behalf and to be assured of an impartial hearing by an independent administrative law judge.

These and other changes to the Medicare program made by this legislation will have a major impact on seniors and people with disabilities. If we truly want to improve Medicare and protect this important program, we should develop modifications that truly reflect the needs of the people who rely on it. I ask that you, as a conferee, consider the impact these changes will have as you work to create a final bill. A prescription drug benefit is long overdue, but should not come at the expense of other vital services that Medicare offers to Americans.

Sincerely,
S/ JOHN B. LARSON
Member of Congress

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