



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Medicare prescription drug premiums
Da: Tuesday, Aug. 9, 2005

The Centers for Medicare and Medicaid Services announced today that prescription drug plans offering coverage under Medicare's new benefit will have lower costs than independent experts projected. Sen. Chuck Grassley, chairman of the Committee on Finance, who helped to enact the prescription drug benefit and other Medicare improvements, made the following comment on today's announcement.

"When Congress crafted the Medicare prescription drug benefit, I worked hard with my colleagues to make sure that it would be as affordable as possible for beneficiaries and taxpayers. The CMS announcement shows that we're hitting the mark on both counts. The average monthly beneficiary premium for the new prescription drug coverage will be \$32.20 -- almost \$5 less than expected by the Medicare trustees. The actual premium for many plans could be lower. In the program's first year, the total cost to the government will be about \$15 less each month for each beneficiary enrolled. That translates to billions of dollars in lower costs for taxpayers.

"Even though the average premium is lower than expected, I know that for some beneficiaries, a premium at that level will still be a hardship. That's why the Medicare law provides for additional financial assistance to beneficiaries with low incomes. This additional financial assistance will help them pay for premiums and other cost-sharing. An estimated one-third of beneficiaries will be eligible for this additional assistance, which will cover between 85 percent to 98 percent of their drug costs.

"A lot of work is under way to educate beneficiaries, their caregivers and others about the new benefit. Beneficiaries have an important decision ahead of them. We need to make sure they have good information to make that decision and to take advantage of the prescription drug plan that best meets their needs. I'll continue to take every opportunity to spread the word."