Opening Statement of Senator Herb Kohl
Special Committee on Aging Hearing
Implementation of the Medicare Modernization Act: Delivering Prescription Drugs to Dual Eligibles
March 3, 2005

Thank you, Mr. Chairman, and I welcome all of our witnesses who will be testifying today.

The new Medicare drug benefit will be a big change for the 6.4 million beneficiaries nationwide, including 110,200 in Wisconsin, who are known as "dual eligibles." These are seniors and people with disabilities who qualify for both Medicare and Medicaid. They typically have incomes below $10,000, and are considered to be the most vulnerable beneficiaries. Today, their drugs are paid for by Medicaid, but as of January 1, 2006, Medicaid will no longer cover them and they must all switch to a new Medicare private drug plan.

As many of you know, I did not support the Medicare drug bill for many reasons. While I support adding a real drug benefit to Medicare, the new law fails to take common-sense steps to lower drug prices by allowing Medicare to negotiate for the best prices and allowing less expensive drug imports. I also felt that instead of setting up a straightforward drug benefit in Medicare, the new law sets up a confusing and inconsistent patchwork of private drug plans.

I still believe Congress should act to fix these problems. But as long as the law is going forward in its current form, it is critical that when these low-income seniors and people with disabilities are switched to Medicare, we get it right. If we don't, they face disruptions in drug coverage that could result in serious harm to their health.

I appreciate the steps CMS has taken to ensure a smooth transition from Medicaid to Medicare for these people. But several concerns remain, and we must address them quickly as the Medicare drug benefit takes effect in only 10 short months.

Most dual eligibles do not understand their Medicaid coverage will end and they need to select a private Medicare plan. While CMS plans to automatically enroll them in a plan and give them time to

switch plans, many may end up in plans that do not cover medicines they had under Medicaid, and many will be unaware of or confused by their new choices.

In addition, private Medicare drug plans will be able to limit the drugs covered by having closed formularies. This will cause confusion and could result in elderly and disabled patients not getting the drugs prescribed by their physician.

Also, with one in four dual eligibles living in a nursing home, we must be careful with the transition of these vulnerable patients. They require specialized services through long-term care pharmacies that provide 24-hour service, custom drug packaging, and specialized monitoring. The move from Medicaid to Medicare is going to present many challenges for them, and I'm looking forward to hearing from Wendy Gerlach from Milwaukee, Wisconsin to educate us on this issue.

As these vulnerable individuals transition from the Medicaid program they know to the uncertainties of the new Medicare drug plans, we run the risk of serious glitches that could disrupt their care. I am glad we are having this hearing so we can identify the challenges and solutions now, and minimize disruptions in drug coverage for these vulnerable people.

Again, I thank you, Mr. Chairman, for holding this important hearing.