

Medicare Prescription Drug Bill:
Senate vs. House vs. Conference Report

	Senate-Passed Bill	House-Passed Bill	Conference Report
Begins to Turn Medicare into a Voucher Program	<u>NO</u>	<u>YES</u> Contained a permanent premium support/voucher proposal beginning in 2010, resulting in higher & varied Part B premiums nationwide.	<u>YES</u> Contains premium support/voucher proposal, with HMO overpayments beginning in 2004 and the voucher in 6 areas beginning in 2010, resulting in higher & varied Part B premiums. Up to 7 million seniors will be subject to the program.
\$12 Billion Slush Fund for HMOs and Other Private Plans	<u>NO</u>	<u>NO</u>	<u>YES</u> In addition to huge overpayments to plans beginning in 2004, includes a \$12 billion slush fund of taxpayer dollars to be used to bribe private plans to participate in Medicare.
Income-Relating Medicare Part B Premium	<u>NO</u>	<u>NO</u>	<u>YES</u> For the first time in history of Medicare, the Part B premium would vary with income – with seniors with incomes over \$80,000 paying higher premiums.
Lays Groundwork for A Cap on Medicare Program	<u>NO</u>	<u>NO</u>	<u>YES</u> Requires special consideration of legislation to limit Medicare spending, when general revenue spending in Medicare reaches 45% of total Medicare spending.
Health Savings Accounts	<u>NO</u>	<u>YES</u> No such provision in H.R.1, but \$5.6 billion in health savings accounts rolled into H.R. 1 through a separate bill (H.R. 2596).	<u>YES</u> Includes \$6 billion in health savings accounts, which are tax shelters for the wealthy and undermine existing employer coverage.

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Loss of Employer-Sponsored Retiree Coverage	<u>YES</u> According to CBO, 4.3 million of the 12 million seniors with employer-sponsored retiree coverage will lose their coverage.	<u>YES</u> According to CBO, 3.8 million of the 12 million seniors with employer-sponsored retiree coverage will lose their coverage.	<u>YES</u> According to an Emory University study, more than 2 million of the 12 million seniors with employer-sponsored retiree coverage will lose their coverage. (CBO estimate pending.)
Effective Provisions for Re-Importation of Drugs	<u>NO</u> Permitted re-importation from Canada, but also contained “poison pill” requiring HHS to certify no safety risk exists (which HHS has said it will not do.)	<u>YES</u> H.R. 2427, which represented the House’s negotiating position, permitted re-importation from 25 countries. It did <u>not</u> require HHS to certify that no safety risk exists.	<u>NO</u> Permits re-importation from Canada, but also contains “poison pill” requiring HHS to certify no safety risk exists (which HHS has said it will not do.)
Provisions to Lower Drug Prices	<u>NO</u> The Secretary of HHS is <u>prohibited</u> from negotiating lower drug prices. Instead, private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program’s group negotiating power.	<u>NO</u> The Secretary of HHS is <u>prohibited</u> from negotiating lower drug prices. Instead, private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program’s group negotiating power.	<u>NO</u> The Secretary of HHS is <u>prohibited</u> from negotiating lower drug prices. Instead, private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program’s group negotiating power.
Fallback Prescription Drug Plan	<u>STRONG FALLBACK</u> Provided a government fallback drug plan in regions where 2 private drug-only plans fail to emerge.	<u>NO FALLBACK</u> Did not include <u>any</u> fallback provisions.	<u>MUCH-WEAKENED FALLBACK</u> Significantly <u>weakens</u> Senate fallback provision, with the fallback being triggered much less often and protecting many fewer seniors.
Coverage Gap	<u>YES - AFFECTING 12% OF BENEFICIARIES</u> No coverage for drug costs from \$4,500 to \$5,800.	<u>YES - AFFECTING ABOUT HALF OF BENEFICIARIES</u> No coverage for drug costs from \$2,000 to \$4,900.	<u>YES - AFFECTING ABOUT HALF OF BENEFICIARIES</u> No coverage for drug costs from \$2,200 to \$5,044.

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Guaranteed Minimum Prescription Drug Benefit	<u>NO</u> Beneficiaries are forced to use private insurance companies for drug coverage, rather than Medicare. Although the benefit offered by private insurers has to be “actuarially equivalent” to a “benchmark,” benefits and premiums will vary widely.	<u>NO</u> Beneficiaries are forced to use private insurance companies for drug coverage, rather than Medicare. Although the benefit offered by private insurers has to be “actuarially equivalent” to a “benchmark,” benefits and premiums will vary widely.	<u>NO</u> Beneficiaries are forced to use private insurance companies for drug coverage, rather than Medicare. Although the benefit offered by private insurers has to be “actuarially equivalent” to a “benchmark,” benefits and premiums will vary widely.
Low-Income Benefit	<u>STRONG LOW-INCOME BENEFIT</u> Provided significant subsidies for seniors up to 160% of poverty; didn’t force low-income seniors to liquidate assets in order to access extra assistance.	<u>WEAK LOW-INCOME BENEFIT</u> Provided significant subsidies for seniors up to only 135% of poverty but disqualified many of these by imposing a very restrictive, unfair assets test.	<u>WEAK LOW-INCOME BENEFIT</u> Weakened the strong low-income benefit in the Senate bill by instituting a very restrictive, unfair assets test, lowering the income eligibility for subsidies from 160% to 150% of poverty, & increasing cost-sharing.
Ensures Same Benefit and Same Premiums for Rural Beneficiaries	<u>NO</u> By creating different regions with different rules, and relying on private insurance plans to offer coverage, the bill does not guarantee the same benefit and premiums to rural beneficiaries.	<u>NO</u> By creating different regions with different rules, and relying on private insurance plans to offer coverage, the bill does not guarantee the same benefit and premiums to rural beneficiaries.	<u>NO</u> By creating different regions with different rules, and relying on private insurance plans to offer coverage, the bill does not guarantee the same benefit and premiums to rural beneficiaries.