



May 2, 2005

The Honorable Fortney (Pete) Stark
House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
House of Representatives
Washington, DC 20515

Dear Congressmen Stark and Brown:

Consumers Union endorses your legislation to help people between the age of 55 and 65 years old obtain affordable health insurance through the Medicare system.

Many Americans between the age of 55 and 65 have jobs that do not include health care coverage. In addition, often people retire early for reasons of health and disability, unemployment, or company down-sizing. Many of these individuals have lower incomes than they had planned for, yet many are in desperate need of health insurance until they reach Medicare eligibility at age 65 or qualify for Medicare disability.

Your legislation, which offers guaranteed issue, no medical underwriting, affordable and comprehensive Medicare benefits, could be of enormous help to millions of Americans who need health coverage before they are eligible for Medicare. Because your legislation includes a refundable tax credit, you help ensure that the Medicare premiums are affordable to people in this age group.

A recently-released report¹ by The Commonwealth Fund looked at the cost of private insurance premiums for a 60-year old female in various regions. They found that the median national premium available for a \$1,000 in-network deductible plan with coverage of physician office visits, some coverage of prescription drugs, and some limit on a patient's out-of-pocket expenses was \$4,017, but in Helena, Montana was \$7,045 and in Miami, Florida was \$8,039. Of course, if the individual had a history of health problems or had been a smoker, premiums would be much higher or the policy might not even be available. We cite these figures as an example of why it is difficult or impossible for many early retirees—who are often in poorer health than others their age—to buy private health insurance. In the above examples, one can see that premiums could easily equal 25 percent or more of early retiree income or moderate-wage workers.

We write in endorsement of your legislation during Cover the Uninsured Week—a week set aside to try to call attention to the plight of the uninsured. Your legislation would truly help increase coverage among one of the most expensive, hardest-to-insure populations. We look forward to working with you on its enactment.

Sincerely,

Gail E. Shearer
Director, Health Policy Analysis
Washington Office

¹Karen Davis, et.al., "How High is Too High? Implications of High-Deductible Health Plans," *The Commonwealth Fund*, April 20, 2005.