NATIONAL URBAN LEAGUE

FOR IMMEDIATE RELEASE **CONTACT:** Max Smith, 212-558-5371

NATIONAL URBAN LEAGUE INSTITUTE FOR OPPORTUNITY AND EQUALITY OBJECTS TO HOUSE MEDICARE PRESCRIPTION DRUG PROVISIONS

New York, NY, June 23, 2003—The National Urban League today announced that the it is gravely concerned about provisions in H.R. 2473, the Medicare Prescription Drug and Modernization Act of 2003, that would have a negative impact on African American seniors.

Access to quality, affordable health care and prescription drugs is vital for elderly African Americans because they are more likely than their white counterparts to live in poverty, they are significantly more likely to be in poor health, and have higher health care costs.

Despite their greater need, however, African American seniors are less likely than whites to have supplemental prescription drug and medical coverage, and are more vulnerable to impoverishment due to high out-of-pocket expenses.

While HR 2473 claims to offers prescription drug benefits to all Medicare beneficiaries, there are fundamental aspects of the plan that could place this benefit out of reach for African American seniors--65 percent of whom have incomes below 200 percent of the federal poverty level compared to only 40 percent of all Medicare beneficiaries.

First, the House bill does not provide an alternative government-provided prescription drug plan. This provision could have an adverse impact on minorities living in areas where private plans fail to locate. It also unfairly discriminates against those who prefer to remain in traditional Medicare fee-for-service because they do not favor Health Maintenance Organization (HMO) limitations on specialist visits and other services.

Second, the House bill requires Medicare beneficiaries to enroll in private HMOs or prescription drug plans to receive the benefit. Yet, private insurance companies, interested in maximizing profits, will inevitably seek out the healthiest beneficiaries to participate in their plans. African American seniors, who tend to have poorer health than the overall population, will be less attractive to these plans. Thus, African American seniors—whether because of medical red-lining or by choice--who remain in the traditional fee-for-service program will be ineligible for a prescription drug benefit despite their greater need.

Third, the House bill does not establish a standard premium amount, which could open the door for plans to charge higher rates in areas where minorities and low-income beneficiaries

are concentrated. Because these populations tend to be in poorer health, higher premiums could be one way in which prescription drug plans pass higher costs back to beneficiaries living in "undesirable" geographic locations.

Fourth, seniors that are "dually eligible" for both Medicare and Medicaid, a disproportionate share of African Americans, are also at risk. This is primarily because cash-strapped states that currently provide prescription drug coverage to "dually eligibles" under optional state coverage provisions, may decide to reduce or eliminate this assistance with the passage of a Medicare prescription drug bill—no matter how inadequate.

Fifth, the low-income provisions contained in the House bill would place an onerous burden on those falling within 135-150 percent of poverty by requiring them to pay the full cost of the deductible, plus the 20 percent co-pay, plus a portion of the premium based on a sliding fee scale structure. Additionally, the "doughnut hole" (from $2000 to $3700 in out-of-pocket costs) would have a disproportionate impact on minority beneficiaries with low-incomes but higher prescription drug needs.

Finally, evidence-based research has yet to determine whether minorities receive a better quality of care or better access to care from Medicare Plus Choice programs. Given this uncertainty, it is unwise to push individuals to enroll in private plans in order to receive a prescription drug benefit without first understanding whether this policy will positively impact health disparities and other access and quality of care issues important to African Americans.

# # #

The Urban League is the nation's oldest and largest community-based movement empowering African Americans to enter the economic and social mainstream. The National Urban League, headquartered in New York City, spearheads the nonprofit, nonpartisan movement, while Urban League affiliates operate in more than 100 cities in 34 states and the District of Columbia.

The National Urban League Institute for Opportunity and Equality, which grew out of the League's Washington Operations, conducts research, policy analysis and advocacy focused on issues of critical importance to the African-American community and the nation as a whole. Nationwide Insurance, through a $1.5 million, three-year grant to the National Urban League, provided initial funds for the establishment and operation of the Institute.