A BAD DEAL FOR SENIORS, A BAD DEAL FOR MEDICARE

The Medicare prescription drug legislation emerging from the conference caters to the drug industry, HMOs, and the insurance industry – not seniors and people with disabilities. It is a significant step backwards from the Senate bill and in some respects is worse than the House-passed bill. Under this bill, 2 to 3 million seniors could lose their retiree prescription drug coverage; up to 6.4 million of the poorest Medicare beneficiaries could get less drug coverage than they have now; and millions of seniors could see their Medicare premiums rise if they refuse to join an HMO. This debate is no longer about adding a drug benefit – it's about saving Medicare.

Keeps drug prices high. The proposed plan bows to drug industry pressure and prevents Medicare from negotiating better prices. It also adopts a policy that will prevent access to lower-cost drugs available in other countries, allowing drug companies profits to skyrocket at the expense of patients.

Raises Medicare premiums for those seniors who don't want to join an HMO. Under the guise of a premium support demonstration, millions of Medicare beneficiaries will be forced to pay more for Medicare if they don't give up their doctor and join an HMO. Although they say it will be limited, as many as 7 million seniors could be forced to participate.

Forces more than 6 million low-income seniors to pay more for medicines. The plan prohibits Medicaid from filling in the gaps in the new Medicare drug benefit, as Medicaid does now for other benefits, and it increases copayments relative to current law for dual eligibles. As a result, this bill could actually raise costs for more than 6 million low-income seniors and people with disabilities. In addition, the plan institutes an unfair assets test that denies many otherwise eligible low-income seniors extra help. It also leaves states with a permanent fiscal burden that could lead to cuts in long-term care and coverage for low-income families.

Leaves millions of seniors without drug coverage for part of the year. Rather than providing continuous coverage, the Medicare benefit has a $2800 gap in coverage that will leave millions of seniors without drug coverage for part of the year, even though they continue to pay premiums. In addition, the proposal significantly weakens the so-called "fallback," which will undermine rural beneficiaries' access to an affordable Medicare drug benefit.

Erodes retiree coverage for 2 to 3 million seniors. More than 2 million seniors who have good drug coverage now through retiree health plans could lose it under the proposed plan. This is because it discriminates against seniors with such coverage. This debate was supposed to be about expanding coverage, not taking it away.

Coerces seniors into joining an HMO. The proposed plan would grossly overpay private HMOs and PPOs and includes a $12 billion slush fund to bribe plans to participate. Better benefits and lower premiums would only be available through private plans – not currently an option for most rural seniors. Worse, under this scheme, if HMOs *do* move into rural areas, it will actually undermine the guaranteed coverage that exists for rural beneficiaries today under Medicare. Seniors who have access to HMOs will be forced to give up the choice of physician or their preferred hospital to get better benefits – some choice.

Squanders $6 billion needed for coverage on tax break for the wealthy. The proposed plan includes Health Security Accounts, which are tax shelters for the wealthy. This creates an unprecedented tax loophole that would undermine existing employer coverage and add to the ever-growing number of uninsured. These funds should be used to prevent employers from dropping coverage or to improve the drug benefit.

Creates artificial Medicare funding crisis. In the 11th hour, a new budget cap ("cost containment") policy has been added to the plan. It would manufacture a crisis when an arbitrary cap on general revenue funding is reached, which would trigger a fast-track process for consideration of legislation to radically cut Medicare, including benefit cuts, payment cuts for hospitals, nursing homes, and home health providers, and increased cost-sharing.

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