

LCAO Advocates for Medicare Prescription Drug Benefit To Be Available In All Regions

November 7, 2003

Dear Senator/Representative:

The undersigned members of the Leadership Council of Aging Organizations believe it is essential that the prescription drug benefit in H.R.1/S.1 legislation be available to every Medicare beneficiary, regardless of where they live in the nation. Because of concerns that the new delivery mechanisms-prescription drug plans (PDPs)-might not be available to serve every region in the nation, the House and Senate have spent a great deal of time ensuring there would be a "back-up" delivery mechanism in case at least two private, financially at-risk plans were not available for a beneficiary to choose between. The "back-up" delivery would be a contractor that is hired by Medicare to provide the benefit through some form of cost-plus contract, similar to the way that Medicare A and B are administered today.

It appears that the conference compromise will be that if at least one PDP and at least one managed care plan (HMO or PPO, etc.) is not available to choose between, then and only then will the fallback contractor come into a region.

We do not believe this is an adequate choice.

Many seniors and people with disabilities will consider this more a "Hobson's Choice" between two bad horses than a true choice. It is a choice between one stand-alone drug plan that may or may not have the drugs one needs on its formulary or a managed care plan where one gives up one's freedom of choice of doctor and hospital to get a drug benefit.

Further, dropping the requirement that there must be at least two PDP plans undermines one of the major rationales for the delivery of the drug benefit through private plans rather than through traditional Medicare delivery mechanisms: that two competing PDPs would help hold down drug prices. Competition in the Senate version required competition between at least two prescription plans in a region. If there were not competition between two prescription drug plans, there would be a federal backup. The conference version eliminates any pretense of competition because the requirement for a federal fallback can be avoided if a Medicare+Choice HMO and a plan offering prescription drugs (PDP) are in the same region. The conference "compromise" actually promises less competition or choice.

A superior approach would be to keep the two-drug plan (PDP) requirement and retain the Senate Medicare back-up plan. We urge you to re-consider the reported conference compromise and provide a back-up plan that does not present the danger of two bad choices.

Sincerely,

*AFSCME Retiree Program
Alliance for Retired Americans
American Association for International Aging
American Federation of Teachers Program on Retirement and Retirees
American Geriatrics Society
American Society on Aging
Association for Gerontology and Human Development in Historically Black Colleges and*

Universities
Association of Jewish Aging Services of North America
B'nai B'rith
Eldercare America
Families USA
Gray Panthers
International Union, UAW
National Academy of Elder Law Attorneys
National Association for Hispanic Elderly
National Association of Professional Geriatric Care Managers
National Association of State Long-Term Care Ombudsman Programs
National Caucus and Center on Black Aged
National Senior Citizens Law Center
OWL, the voice of midlife and older women
United Jewish Communities