COMMITTEE ON FINANCE | **Max Baucus (D-Mont.)**

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BAUCUS, REID WARN OF DISASTER TO 50 MILLION SENIORS, SIX MILLION CHILDREN FROM HOUSE CR PLAN

Washington, DC – Senate Majority Leader Harry Reid (D-Nev.) and Senate Finance Committee Chairman Max Baucus (D-Mont.) today released a letter from Health and Human Services Secretary Kathleen Sebelius detailing the disastrous effects the House of Representatives' current Continuing Resolution plan, H.J. Res. 59, would have on millions of Medicare and Medicaid beneficiaries and the more than six million children who rely on the Children's Health Insurance Plan.

"The House of Representatives' current plan would have severe, far-reaching, painful costs to America's seniors, children and our entire health care system," said Finance Committee Chairman Max Baucus. **"The House's plan would eliminate the benefits seniors depend on and force them to pay out of pocket – potentially thousands of dollars – for the medications they need. Seniors may not be able to see their doctors. The House's punitive plan is not what our seniors and most vulnerable populations deserve. I know we can work together to do better."**

"Not only will the Republicans' reckless bill inch the country closer to a government shutdown, it will severely impact Medicare, as this letter shows. Wellness visits, closure of the donut hole and preventive services without cost sharing will be no more for 50 million seniors on Medicare, millions of whom will have to switch plans," said Majority Leader Harry Reid. **"Moreover, all services will be jeopardized because payments will be disrupted to doctors, hospitals, and other providers. Republicans here in Washington are using these stunts to raise money and grab headlines, but these are not just games to seniors who now face the very real risk of losing their Medicare benefits."**

In response to a request from Leader Reid and Chairman Baucus about how the House's plan would affect the nation's health care programs, Sebelius' letter warns that under the House's plan, "the quality of care available to Medicare beneficiaries would be compromised."

Under the House plan:

Increased Drug Costs for Seniors
Thanks to the Affordable Care Act, over 6.6 million Medicare beneficiaries have saved a total of over $7 billion on prescription drugs in the Medicare Part D donut hole. The House plan would eliminate this benefit. Sebelius warns that "If this benefit were no longer available, Medicare beneficiaries would be forced to pay out-of-pocket for more of their prescription drugs and could skip needed medications." According to Congress' nonpartisan official scorekeeper the Congressional Budget Office, this would cause overall health care costs to rise.

Seniors Lose Access to Physicians
Sebelius warns that Medicare "beneficiaries could have tremendous difficulty finding a doctor or experience delays in their care as physicians refuse to accept new Medicare patients."

Six Million Kids Could Lose Access to Health Care
Under the House plan, the Children's Health Insurance Program (CHIP) as we know it would end on October 1. More than six million children nationwide rely on this program for their health care.

The full letter from Secretary Sebelius is below and attached:

September 20, 2013

The Honorable Harry Reid
United States Senate
Washington, DC 20510

Thank you for your letter requesting information on the impact of H.J. Res. 59 on the Medicare program. Specifically, you ask how its provisions would affect beneficiaries' access to care and whether doctors, other health care professionals, and private plans would continue to receive timely payments.

H.J. Res. 59 would severely impact the Medicare program. Under H.J. Res. 59, Medicare benefits and services established under the Affordable Care Act, such as the annual wellness visit and other preventive services with no cost-sharing, would no longer be available to Medicare beneficiaries. In the first six months of 2013, 16.5 million people with traditional Medicare took advantage of at least one free preventive service. Therefore, under H.J. Res. 59, the quality of care available to Medicare beneficiaries would be compromised.

This legislation would appear to eliminate entitlement to and funding for Medicare prescription drug coverage and discounts in the coverage gap or "donut hole." To date, over 6.6 million people with Medicare have saved over $7 billion on prescription drugs in the Medicare Part D donut hole since the Affordable Care Act was enacted, for an average savings of $1,061 per person. If this benefit were no longer available, Medicare beneficiaries would be forced to pay out-of-pocket for more of their prescription drugs and could skip needed medications. The Congressional Budget Office has found that overall health care costs are reduced through greater adherence to prescription drug regimens.

Currently, 27 percent of Medicare beneficiaries are enrolled in Medicare Advantage (MA) plans. If H.J. Res. 59 were enacted, CMS would not be able to pay MA plans their monthly capitated payment because the current payment methodology is set based on provisions of the Affordable Care Act. Medicare beneficiaries may be forced to dis-enroll from their current MA plans and enroll in the Medicare traditional fee-for-service program in order to receive health care services paid by the Medicare program.

H.J. Res. 59 would also disrupt payments to doctors and other health care providers. A number of provisions of the Affordable Care Act change Medicare payments to providers. If H.J. Res. 59 were to be enacted, lack of clarity about Medicare payment amounts would lead to confusion for providers. Medicare payments could be disrupted or delayed for over 1 million providers for services furnished to close to 50 million beneficiaries due to ambiguity about the correct payment amounts. As a result, beneficiaries could have tremendous difficulty finding a doctor or experience delays in their care as physicians refuse to accept new Medicare patients.

In addition to these severe impacts on Medicare, H.J. Res. 59 would disrupt multiple other services for working families and vulnerable populations. Federal funding for the Children's Health Insurance Program (CHIP) would end on October 1. States that expanded eligibility under their approved Medicaid state plan for parents and childless adults (the early adoption option) would immediately lose funding for this population, and federal funding would not be available for states that have planned expansions under their state plans as of January 1, 2014. The delivery of health care to medically-underserved people at many community health centers would be reduced due to a nearly 60 percent reduction in federal funding. National Health Service Corps funding would be eliminated. The Health Resources and Services Administration's Maternal, Infant, and Early Childhood Home Visiting program for at-risk children (which encompasses grants to states and Tribal entities) would be eliminated. Over 92,000 individuals in the Pre-Existing Condition Insurance Plan Program would immediately lose coverage. H.J. Res. 59 would also cut funding needed by the HHS Office of Inspector General, the Centers for Medicare & Medicaid Services, and the Department of Justice to fight health care fraud and would take away important anti-fraud tools that were enacted through the Affordable

Care Act. H.J. Res. 59 could adversely affect the delivery of health care in Indian Country by undermining the substantial changes the Affordable Care Act made to the Indian Health Care Improvement Act. A funding prohibition would also appear to block federal enforcement of all of the health insurance market reforms enacted in the Affordable Care Act, including the prohibition on pre-existing condition exclusions for children, dependent coverage for young adults under age 26, the prohibition of lifetime limits, and coverage of recommended preventive services without cost sharing.

Thank you for your inquiry and your attention to this critical issue. Please do not hesitate to contact me if you have any further thoughts or questions. I will also provide this response to Chairman Max Baucus.

Sincerely,

Kathleen Sebelius

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