



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Wednesday, Sept. 27, 2006

Grassley Decries Effort to Scare New York Seniors Over Medicare Drug Benefit

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today expressed disappointment over an effort to scare New York seniors over Medicare’s prescription drug point. He sent the following letter to Sen. Charles Schumer.

September 27, 2006

The Honorable Charles Schumer
United States Senator
313 Hart Senate Office Building
Washington, DC 20510

Dear Senator Schumer:

I am writing to express my disappointment with your September 22 press release entitled, “Schumer Reveals: Medicare Part D to Drop October Surprise on 670,280 NYC Seniors-Drug Plans to Suddenly Drop Out of Program Leaving Seniors with Little Time to Re-Enroll.” The release reminded me of the scare tactics used earlier this year by Minority Leader Reid and Minority Leader Pelosi to denigrate the prescription drug benefit using hyperbolic rhetoric and to frighten Medicare beneficiaries.

Contrary to the assertion in the release’s title, prescription drug plans cannot “suddenly drop out” of the program. Beneficiaries who read that title could easily and erroneously assume that their plans could drop out at any time during the year, leaving them without coverage and no opportunity to elect another plan for the remainder of the year. As someone who professes to care about seniors, your issuance of a release with such a title is baffling.

Your press release claims that all 670,280 Medicare beneficiaries currently enrolled in the prescription drug benefit in New York City will either have to choose a new plan or they will lose coverage altogether next year.

On the first claim, all currently enrolled beneficiaries would have to choose a new plan only if all organizations currently participating in the Medicare prescription drug benefit withdraw from the program. That is a highly unlikely scenario, and I am curious to know how you determined that outcome would occur in 2007.

The second claim – that beneficiaries will lose coverage altogether – is a bald-faced inaccuracy.

After reading it, I could only assume that as a junior member of the Senate Finance Committee, you have not taken the time to acquaint yourself with the MMA's guaranteed access provisions at §1860D-11.(g), often referred to as "fallback plans." These provisions ensure that all beneficiaries will have at least two prescription drug plan options. You supported and voted "yes" on final passage of the Senate version of the prescription drug law, which included a similar requirement at §1860D-13.(e).

Many of the organizations offering prescription drug coverage in New York City have long served Medicare beneficiaries. The Medicare Modernization Act includes provisions, which you endorsed and for which you advocated, to increase Medicare payments to these organizations. In a September 30, 2003, letter to me, you referred to these provisions as an effort to address a "lack of adequate government funding" and to preserve "choice and quality for America's seniors." By wildly speculating about these organizations' commitment to the Medicare program, you have done a disservice to a constituency that in the past you have supported. More alarmingly, you have caused fear and uncertainty among Medicare beneficiaries, which I find particularly irresponsible.

Finally, I want to point out that each year, organizations offering plans under the Federal Employee Health Benefits Program (FEHBP) can elect not to participate, increase their premiums, and/or change their benefits. Your lack of notice for Federal employees who face comparable annual decisions strongly implies that the release was an attempt to create a political issue – at beneficiaries' expense – rather than a legitimate effort to raise concerns about policies that are not unique to Medicare.

Sincerely,

Charles E. Grassley
Chairman