



Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release
Friday, June 6, 2003

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STATEMENT OF SENATOR MAX BAUCUS STRENGTHENING AND IMPROVING THE MEDICARE PROGRAM

Thank you very much, Mr. Chairman. As always, I appreciate your leadership of this Committee, and your willingness to work with me. I would also like to thank others on the Committee for their longstanding work on Medicare. In particular, I want to thank Senators Breaux, Snowe, Hatch, and Jeffords for their work over the years.

Some may take issue with the speed of our deliberations. While I do not agree with them in all respects, I will say this: I firmly believe that we should not proceed until we have a cost estimate of the plan from the Congressional Budget Office. And if we do not have those numbers, I will urge the Chairman not to proceed.

But we are at an important point. Sometimes, there comes a time when you have to fish or cut bait. We have \$400 billion on the table, specifically earmarked for Medicare reform and a prescription drug benefit. We have been at this point before and let it pass us by.

Yes, it would be nice to have more funds available for this policy. And yes, a richer benefit would be more desirable. But the question is: Will we let the opportunity to use these funds pass us by again? I don't think so. This time, it's going to be different. This year, I believe the stars are aligned. Chairman Grassley and I have put together a solid framework that I believe will help seniors across the country.

It's not a perfect package. Nothing ever is. Sure, there are provisions that I would have liked to see in the bill. And others I might not have included. But I think it's a good bill. A good start toward helping seniors get the prescription drug coverage they need. And getting everything you want is not what Congress is about. None of us can pass a bill by ourselves. The bill we will pass will be a product of many different opinions and many different points of view. Too often lately, it feels as though people don't even want to try to work together. But by not working together, the only people we'd be hurting would be the ones we were elected to serve.

The framework that Senator Grassley and I outlined publicly yesterday would establish a voluntary drug benefit under a new Part D of Medicare. If a senior decides to join a private managed care or preferred provider plan, then the prescription drug benefit would be rolled into that plan. If a senior decides to stay in traditional fee-for-service Medicare then the senior would receive drug benefits through a stand-alone plan. But the value of, and subsidy toward, the

prescription drug benefit would be equal for seniors who move into private plans or who stay in fee-for-service.

Unlike the President's plan, this proposal does not force seniors -- 90 percent of whom are in traditional Medicare -- into a private plan that they neither want or need. This is especially important to rural states like Montana, where most seniors don't have the option of moving into a private plan, because those plans don't exist.

That leads me to my next point. Under our proposal, Chairman Grassley and I have included a strong government fallback. Seniors must have access to at least TWO private plans for a prescription drug benefit, or the government will provide a fallback plan. If there is not true competition, then traditional Medicare would provide a fallback.

We've also focused on making sure the drug program is accessible and affordable for our low-income seniors. Low-income seniors would pay no more than minimal cost sharing at all levels of spending. We have done much to eliminate what people call the "donut" of high co-payments for low-income seniors.

I have a good feeling about the progress we've made. We're on the right track. The proposal Chairman Grassley and I are working on is still very much dependant on the CBO score, which we expect to receive Sunday. I anticipate that changes may need to be made, but we're in a good position.

I'd like to thank Chairman Grassley for seizing this opportunity to work together. And I'd like to extend an invitation to all of my Finance Committee colleagues. I ask them to join us and work together to develop this Medicare prescription drug bill.

I believe that it's time to take advantage of the opportunity that's available to us and pass a good bill. It's time to help our seniors.