

# THE NATIONAL COUNCIL ON THE AGING

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June 12, 2002

The Honorable Charles Rangel  
Ranking Member  
House Ways and Means Committee  
2354 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable John Dingell  
Ranking Member  
House Energy and Commerce Committee  
2328 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representatives Rangel and Dingell:

On behalf of the National Council on the Aging (NCOA) – the nation’s first organization formed to represent America’s seniors and those who serve them – I write to commend and thank you for your proposal to provide comprehensive prescription drug coverage to Medicare beneficiaries across the nation. The proposal would provide the level of coverage that the vast majority of America’s seniors want and are familiar with.

According to the Congressional Budget Office (CBO), over the next ten years, Medicare beneficiaries will spend almost \$1.8 trillion out-of-pocket on prescription drugs. This means, for example, that a \$350 billion drug benefit would cover, on average, less than two out of ten dollars beneficiaries will spend on prescription drugs. In our view, allocating only \$350 billion for prescription drugs is inadequate. Recent survey data indicated that such an amount would result in poor coverage under a plan in which few beneficiaries would participate. This in turn would result in serious adverse selection problems. We can afford to do much better.

Some critics claim that we cannot afford the comprehensive Medicare drug coverage provided under your proposal. But America has the strongest economy in the world and can find the resources if we want to. It is simply a matter of setting the right priorities. It is not unreasonable that America’s seniors should receive prescription drug coverage as generous as that received by members of Congress, or under employer policies provided to younger Americans.

When the President and the Congress identify a clear priority to help Americans in need, the dollars to pay for it have always been found. Money was found last year to pass a \$1.7 trillion tax cut. Last December, the Administration and the House found the money to support a stimulus package that cost an estimated \$220 billion in the first three years. The House recently voted to make last year’s tax cuts permanent, which would cost an estimated \$373 billion for just two years (2011 and 2012). Congress also recently found the money to pay for \$190 billion in farm subsidies, increasing spending for existing programs by almost 80 percent.

NCOA is particularly pleased that your legislation would provide prescription drug coverage that is universal, voluntary, reliable, and continuous. Other proposals being offered include significant coverage gaps and would fail to solve the problem. Under such bills, a significant

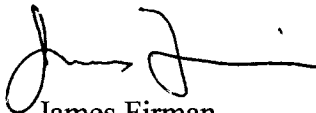


number of beneficiaries would not want to participate in the program, and many of those who do participate would continue to be forced to choose between buying food and essential medicines.

We are also pleased that your proposal would provide strong low-income protections for our most vulnerable seniors. By providing protections up to 175 percent of the poverty line and eliminating the onerous, irrational asset test as a condition for receiving such protections, your proposal would assure that those in greatest need would be able to obtain the medications they are prescribed. The asset requirement in other current Medicare low-income protection programs has not been adjusted for inflation for over 20 years and serves as a major barrier to eligibility for low-income seniors.

Sufficient funds must be allocated to provide access to a continuous, reliable prescription drug benefit for all Medicare beneficiaries, with affordable premiums and coinsurance and no major gaps in coverage. In November 2000, the Administration and Congress promised that meaningful, affordable prescription drug coverage would finally be made available under Medicare. Medicare beneficiaries can no longer afford to wait. We appreciate your efforts to deliver on this promise.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Firman', with a long horizontal stroke extending to the right.

James Firman  
President and CEO