Statement by Cong. Henry A. Waxman
Hearing of the Subcommittee on Health, Committee on Energy and Commerce
"Medicare Part D: Implementation of the New Drug Benefit"
March 1, 2006

The implementation of the Medicare prescription drug program has been difficult and disappointing. It has been filled with confusion and disruption. It has caused anxiety and serious problems for people trying to get their medicines.

January 1 should have been a red letter day for America's seniors and persons with disabilities. That should have been the day when they finally got simple and dependable coverage of their prescription drugs as a regular part of Medicare. Their Medicare card should have been enough to give them access to their drugs in any pharmacy in America.

Instead, the benefit came in the form of coverage through hundreds of private plans, each different in coverage and conditions, each different in cost and the price of drugs covered. The choices were dizzying and difficult. People spent hours trying to decipher the variables in the plans, made a choice, and then found the information changed the next time they looked.

And that was just the beginning. When people tried to go in and get their drugs, they found their eligibility couldn't be established, or their drugs weren't covered. The people who had been covered under Medicaid and who were switched summarily on January 1 were the worst off. But they weren't the only ones with problems.

All of these difficulties in implementation were the result of a combination of problems: a flawed design for the benefit, a failure to anticipate implementation problems, and too big a job for too little staff.

Certainly, there are people who weren't covered before who are pleased to have the new benefit. We will hear from some today. And certainly we all welcome success stories, and we want this benefit to work. But the fact is, for too many seniors and persons with disabilities, it has not worked; it has been a disaster. This is clearly unacceptable. Trying to gloss over the situation by claiming all is well, as this Administration seems to want to do, is a disservice to all those people who continue to have serious problems getting coverage.

Further, I fear this is just the beginning. We know plans can change their formularies after people have enrolled. We know they can raise their prices—that has already occurred. That affects what people pay in coinsurance and in the period when there is a gap in coverage—the so-called donut hole. Again, for people who picked their plans because of the coverage of a certain drug or its price, to pull the rug out from under them and change things is just plain wrong.

We know that the success in enrolling subsidy-eligible low-income people has been abysmal. We all know they are the most certain to benefit from this program, and yet we are not reaching them. One major reason for this is the complications caused by the assets test. We should fix that. Yet we have no proposal to do this from the Administration.

We know that with all this confusion and problems, it is folly to hold a threat over seniors in the form of a financial penalty if they don't enroll by May 15. And yet the Administration refuses to support such a legislative change.

In the end, we need the option of a simple Medicare benefit. That should be the first choice available to all beneficiaries. It should work like other Medicare benefits. It should be the beneficiary's choice if they want to select an alternative to traditional Medicare. And we should use the purchasing power of Medicare's beneficiaries to get better prices from the drug companies.

This should not be about protecting drug company and insurance company profits, but about getting the best price and the best coverage for America's seniors.