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ONE HUNDRED EIGHTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
 Washington, DC 20515-6115

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June 12, 2003

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DAN R. BROUILLETTE, STAFF DIRECTOR

Making Seniors Pay More for Ideology

Dear Colleague:

One of the most disturbing features of the House Republican Rx legislation, as set forth in the Ways and Means outline, is that it is designed to privatize the Medicare program, forcing seniors out of traditional Medicare into private insurance plans. The House Republican bill includes a provision, titled "FEHBP-Style Medicare Reform in 2010" (equivalent to prior "premium support" or "voucher" plans) that will likely force seniors to pay more to stay in traditional Medicare, driving them into private insurance plans. The health and welfare of America's seniors will be placed solely in the hands of private insurance companies, who have already proven to be undependable in the Medicare program. For seniors this will mean a great deal of uncertainty and upheaval, having to change plans, doctors, pharmacies, and even change prescription drugs every twelve months.

For all this uncertainty and headache for seniors, one would hope that such private insurance plans would provide a more efficient and cost-effective way to manage the program. But, that is not the case. The chart below shows premium increases in FEHBP, and other private insurance plans for 2003, ranged from 11%* to 25% last year. Many of these increases would have been higher but for the fact that plans reduced benefits and increased cost-sharing for families to curb the increases in premiums.

I know the seniors in my district cannot afford premium increases of 11%-25% a year. Social Security checks only went up by 1.4% in 2003. Seniors would be hard pressed to afford Medicare coverage after a few years of private plan premium increases like this -- but under the House Republican bill they would have no choice. The House Republican bill is going to rely solely on private insurance plans who bid, "just like in the private market," to provide drug coverage to seniors. The critical question we need to ask is: How much will our seniors have to pay for ideology?

2003 Health Insurance Increases

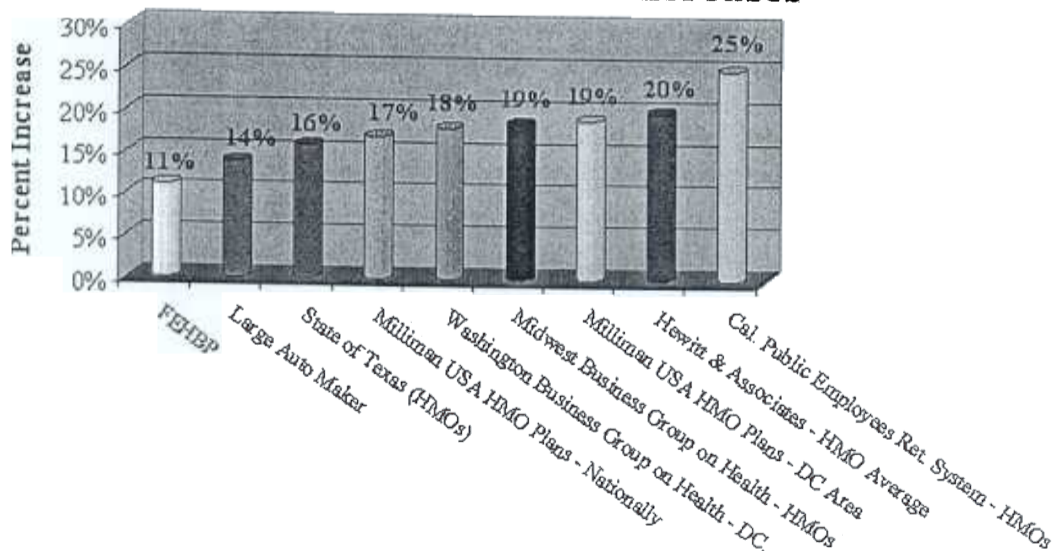


Chart prepared by the Office of Management and Budget and located at <http://www.opm.gov/pressrel/2002/fehbp/chart.asp>

*Note that the FEHBP increase shown on the chart is an average of the increases in all plans; some families saw increases as high as 59% for their coverage.

We need to give seniors a real Medicare drug benefit that has the dependability and stability of Medicare today -- not leave seniors' care and choices up to private companies motivated by profit. We've seen the good that "choice and competition" did for consumers in the California energy market. "Choice and competition" have led to record premium increases over the past few years in the employer market as well. Why then would Congress blindly trust such an idea for the health care of elderly Americans?

I urge you to vote against the House Republican Rx bill that will make seniors pay more for ideology and will penalize the millions of American seniors who, unlike the Republican party, believe that Medicare is a good program.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Dingell", written in a cursive style.

JOHN D. DINGELL
RANKING MEMBER