

FOR IMMEDIATE RELEASE
September 27, 2006

CONTACT: Laura Capps/ Melissa Wagoner
(202) 224-2633

KENNEDY, MENENDEZ CALL FOR HONEST ACCOUNTING OF MEDICARE DONUT HOLE

Legislation introduced today will monitor the number of seniors falling into the hole and its effect on their health

WASHINGTON, D.C.--Today, Senator Edward M. Kennedy and Senator Robert Menendez introduced the Honest Medicare Act of 2006 to monitor the Medicare Part D donut hole and its effect on senior citizens.

Under the Medicare Modernization Act of 2003, the Medicare Prescription Drug benefit, also known as Part D, was designed with a coverage gap in the middle. This gap is known as the "donut hole." After their total prescription drug costs have reached \$2,250, beneficiaries must bear the full cost of those drugs alone for the next \$2,850, with no assistance. Yet they are still forced to pay their monthly premiums.

Senator Kennedy said, "The Bush Administration and the Republican Congress enacted a Medicare drug law designed by the drug companies and for the drug companies. Millions of seniors will be denied the medicines they need because the law includes a gaping hole in the coverage -- and the Bush Administration won't even tell Congress and the American people how many seniors are at risk. The first step toward finding a realistic solution is to honestly define the problem. Our bill requires the Administration to level with the American people on how many seniors are losing coverage for the drugs they need to protect their health."

The Honest Medicare Act of 2006 would require the Secretary of Health and Human Services to provide a monthly report on the number of seniors who have fallen into the donut hole. It would also require the Secretary to monitor and report on the amount that enrollees are spending on prescription drugs while in the donut hole.

"I have heard the heart-wrenching stories from my constituents who have fallen into the donut hole and are no longer covered for critical medicines," said Menendez. "What we don't know are the specifics of how many seniors have fallen into this hole and how much of their own money they've had to spend on prescriptions. With better information we can tackle this problem afflicting so many of our seniors."

Seniors are in danger of falling into the donut hole repeatedly and the Congressional Budget Office estimates that one-third of enrollees will enter the coverage gap every single year. Because of the structure of the plan, which is tied to the annual increase in drug expenses for Medicare beneficiaries, the donut hole itself will only grow larger and more difficult for individual seniors to manage, and the Commonwealth Fund estimates that it will increase to \$5,066 by 2013.

According to the Institute for America's Future, the average Medicare beneficiary who enrolled in the drug program at the beginning of this year has already fallen into the donut hole; and nearly 7 million seniors this year alone will find themselves in this looming coverage gap.

The text of the bill is included below:

To amend Title XVIII of the Social Security Act to require monthly reporting regarding the number of

individuals who have fallen into the Part D donut hole and the amount such individuals are spending on covered Part D drugs while in the donut hole.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE:

This Act may be cited as the “Honest Medicare Act of 2006.”

SECTION 2. MONTHLY REPORTING REGARDING THE NUMBER OF INDIVIDUALS WHO HAVE FALLEN INTO THE PART D DONUT HOLE AND THE AMOUNT SUCH INDIVIDUALS ARE SPENDING ON COVERED PART D DRUGS WHILE IN THE DONUT HOLE.

Section 1860D-1 of the Social Security Act (42 U.S.C. 1395 w-101) is amended by adding at the end the following new subsection:

“(d) INFORMATION REGARDING INDIVIDUALS WHO HAVE REACHED THE INITIAL COVERAGE LIMIT.—Not later than the 15th of each month (beginning with February 2007), the Secretary shall make available to the public information on—

“(1) the number of individuals enrolled in a prescription drug plan or an MA-PD plan who have reached the initial coverage limit applicable under the plan but who have not reached the annual out-of-pocket threshold specified in section 1860D—2(b)(4)(B); and

“(2) the amount such individuals are spending on covered part D drugs after they have reached such limit and before they have reached such threshold.”.

###