



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Medicare as secondary payer statute
Da: Friday, Aug. 5, 2005

Sen. Chuck Grassley, chairman of the Committee on Finance, led the effort to clarify the Medicare as secondary payer statute in 2003 as part of the *Medicare Modernization Act*. The change made clear that citizens can bring lawsuits in federal court on behalf of Medicare against parties who may have injured Medicare beneficiaries and incurred taxpayer expenses to treat those beneficiaries. Prior to the clarification, legal practitioners were confused over who exactly could bring a case under the statute. Under the statute, the parties who cause injury to Medicare beneficiaries are intended to be the primary payer to treat that injury; Medicare as a taxpayer-funded program is meant to be the secondary payer. Now, the United Seniors Association has filed a lawsuit under the statute against the major tobacco companies. Grassley made the following comment on the Medicare as secondary payer statute.

“I can’t comment on the substance of this case, but I can talk about the value of the Medicare as secondary payer law. Medicare is taxpayer-funded, and the taxpayers aren’t a cash cow. Their resources, and by extension, Medicare’s resources, are limited. If someone offers a product or service that injures people and drives up Medicare’s costs, Medicare deserves a fair chance to fight back. That’s what the Medicare as secondary payer law offers. Now that Congress has strengthened the secondary payer law, I hope the courts will accept the statute as an effective tool against undeserved Medicare expenses.”