



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Wednesday, August 23, 2006

Grassley questions Medicare about mistaken premium refunds, works to prevent more errors

WASHINGTON — Sen. Chuck Grassley today asked the Medicare Administrator to account for the computer error that reportedly caused 230,000 Medicare beneficiaries to erroneously receive refunds of their Medicare Part D premiums that must now be recovered from them.

Grassley said he wanted a report on efforts to prevent another such error and on whether there may be systemic issues involved. He also urged Medicare officials to seek repayment in increments that are manageable for beneficiaries.

“The option of having Part D premiums withheld from Social Security checks was intended to provide beneficiaries with a convenient way to pay their premiums,” Grassley said. “For the vast majority of beneficiaries, it’s working just as intended. We need to make sure that the problem announced today is not an indication of a system flaw that could result in more errors down the road.”

As Chairman of the Senate Committee on Finance, Grassley was the principal Senate sponsor of the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*, which created Part D, the prescription drug program that began this year. In May, Grassley introduced legislation to waive the enrollment penalty for the next sign up period, in order to encourage even more Medicare beneficiaries to participate in the program.

The text of Grassley’s letter to Dr. Mark McClellan, Administrator of the Centers for Medicare and Medicaid Services, follows here.

August 23, 2006

Dr. Mark McClellan  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Dr. McClellan,

Over the past year you and your staff have worked hard to implement the prescription drug benefit. I appreciate all of the work your Agency has done to ensure that the benefit is working for beneficiaries the way it was intended.

However, I am very troubled by your recent announcement that a computer error caused a number of beneficiaries to erroneously receive refunds of their Medicare Part D premiums that must now be recovered from them. The option of having Part D premiums withheld from Social Security checks was intended to provide beneficiaries with a convenient way to pay their premiums. And for the vast majority of beneficiaries, it's working just as intended. But I am very disappointed that, as a consequence of this error, it has not worked well at all for some beneficiaries. Although it affects only a limited number of beneficiaries, it could have a large impact on those it does affect.

I would like a report detailing how this error occurred, what action the agency is taking to remedy this error, and how it will address any systemic issues that may be involved to ensure that similar errors do not happen in the future. I would appreciate a report from you on these matters not later than September 6, 2006.

Additionally, as the Agency asks beneficiaries to repay the money that was erroneously sent to them, I would ask you to keep the beneficiaries' best interests in mind. Some may not realize the error that was made and may not have put the money aside. Therefore, in my view the money should be recovered in increments that are manageable for beneficiaries. This implies that they should be recovered in increments over as long a period as possible rather than withheld from one Social Security check or otherwise repaid in full at one time.

I appreciate your attention to this important issue.

Sincerely,  
Charles E. Grassley  
Chairman