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Grassley, Coalition Announce Proposal to Improve Medicare

WASHINGTON – Sen. Chuck Grassley, a leader of the Committee on Finance, today joined key committee members to announce a tri-partisan coalition proposal to bring the outdated Medicare program into the 21st Century this year.

“Next year will be an election year,” Grassley said. “No one wants to tinker with a popular, but outdated, program in an election year. Partisan politics will be the poison pill. Now is our biggest window of opportunity. We have a surplus of political will to get the job done. We have a chance to improve Medicare, to cast it in a new mold, and to make it reflect a generation of medical advancements.”

Grassley said the tri-partisan coalition consists of Finance Committee members Sen. John Breaux, a Democrat; Sen. Jim Jeffords, an Independent; and Sens. Orrin Hatch, Olympia Snowe and Grassley himself, all Republicans. He explained that the tri-partisan coalition emerged after weeks of discussions about how to pass legislation that will improve Medicare via the Finance Committee this year.

Grassley said the tri-partisan coalition recognizes that Medicare has served older Americans well since 1965, but it is sorely lacking the necessary improvements to bring the program into the 21st Century. While Medicare once relied primarily on hospital care, today a combination of prescription drug medications, outpatient services, and more advanced hospital technologies have created a whole new set of options for treatment. Medicare should reflect these new options for all older Americans, Grassley said.

“Today’s Medicare is like farming was 40 years ago,” Grassley said. “In 1959, I started farming a small plot of land in Butler County, Iowa. I grew corn and soybeans. It took me two weeks to plant all of the crops on my 80 acres. Now I farm with my son, Robin. We still grow corn and soybeans. But it takes Robin less than one day to plant 125 acres of corn. Robin is more efficient than I was 40 years ago because he’s taken advantage of every new technology that comes his way. He’s used new machinery and new science for his benefit. Medicare hasn’t taken advantage of every new medical development that comes along. In fact, it’s quite the opposite. Medicare reflects a medical reality as dated as farming’s horse and plow.”

Grassley said improvements are necessary to better serve the 39 million older Americans who participate in Medicare; the providers who work to deliver high quality care; and the taxpayers who fund the largest federal health program.

Grassley said this year’s Senate budget resolution allocated \$300 billion in a reserve fund for Medicare reforms and prescription drugs. Beginning in the Finance Committee, Congress should

seize upon the opportunity to dedicate resources to significantly improve traditional Medicare benefits, as well as provide meaningful and affordable prescription drug benefits to all Medicare beneficiaries, Grassley said. To achieve the budget resolution's requirements, the tri-partisan coalition agreed upon six major categories that are necessary for a Medicare bill:

Prescription Drugs

- ▶ All Medicare beneficiaries will have guaranteed access to an affordable prescription drug benefit.
- ▶ Lower-income beneficiaries will have additional assistance with drug costs, including low or no premiums.
- ▶ Beneficiaries will have the option to enroll in a Medicare prescription drug benefit, but no beneficiaries will have to give up their current drug coverage.
- ▶ All beneficiaries will have protections against very high annual drug costs.
- ▶ Prescription drug benefits will be delivered through federally-certified private sector plans and pharmacy benefit managers working together and partnering with the federal government to provide the highest quality benefits at the most affordable price. In areas where this is not an option, the federal government would work directly with federally certified pharmacy benefit managers to deliver a high-quality prescription drug benefit.
- ▶ Beneficiaries will be able to purchase all their prescriptions at a pharmacy near them, and will also have access to mail-order prescriptions.
- ▶ Beneficiaries will have the option to purchase generic or brand-name drugs, and will also have access to innovative drug treatments.

Improvements to Current Medicare

- ▶ Seniors will be offered a new, optional set of benefits under fee-for-service Medicare that provide better health care coverage.
- ▶ Seniors may choose this new fee-for-service option or keep what they have today. And the prescription drug benefit will be available in both current Medicare and the new fee-for-service program.
- ▶ The new fee-for-service option will maintain coverage for all current Medicare services, but also offer additional benefits.
- ▶ These new benefits include more affordable hospital coverage and better preventive health benefits.
- ▶ Seniors will also be protected from high medical costs resulting from serious illnesses.
- ▶ A single deductible for hospital and physician services, as well as simplified co-payments and deductibles, will be included to better integrate Medicare services and reflect the evolution of the private sector system that many retirees already enjoy today.
- ▶ Better Medigap choices will be created for seniors who choose the new fee-for-service option.

Stronger Medicare+Choice Program

- ▶ Medicare+Choice will be improved to include two choices – one with the prescription drug benefit and one without – so that seniors can choose the best option to meet their needs.
- ▶ Medicare+Choice will be strengthened and improved to become more stable and reliable for seniors today and into the future.
- ▶ Medicare+Choice plans will operate under a more competitive system, to maximize value for both seniors and taxpayers, and make it easier for plans to pass savings on to seniors in the form of lower premiums, lower cost-sharing or improved benefits.
- ▶ All seniors will be provided better information about all of their health plan options, what costs

they have to pay, and the quality of services provided, so that seniors can choose the best option for them.

- ▶ Government regulations will be simplified, creating better opportunities for plans to enter new parts of the country.

Program Sustainability

- ▶ More accurate measures of Medicare spending and future obligations – including improvements in the Medicare trustees’ reporters – will be created to ensure Congress and the American public have reliable information about Medicare’s financial health.
- ▶ A formal process will be established for Congress to annually review Medicare’s short and long-term sustainability in order to continue to protect the program for future generations.

Geographic Equity

- ▶ Better efforts will be taken to make Medicare more fair in its treatment of seniors and providers in all areas, especially rural America.
- ▶ Medicare will better ensure that the rural health care infrastructure is strong in order to improve quality access to Medicare services.

Simplified, Improved and Higher Quality Medicare

- ▶ Greater efforts will be taken to ensure seniors have high quality, error-free care.
- ▶ A more effective and timely appeals process for seniors and providers will be put in place.
- ▶ Paperwork burdens will be reduced for seniors and providers to allow doctors and nurses more time to spend with their patients.
- ▶ Efforts will be improved to build a stronger relationship among the Medicare program and health care providers.
- ▶ New guidelines will be established to ensure providers better understand Medicare’s complex rules and regulations.

“Our tri-partisan coalition has a road map for delivering Medicare into the 21st Century,” Grassley said. “We hope to attract others on our journey and reach our destination this fall. Older Americans deserve quality and affordable health care through a stronger, improved and simplified Medicare.”

