



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202/224-1308
RE: new guidance from CMS on the MMA
DA: Dec. 3, 2004

Sen. Chuck Grassley, chairman of the Senate Committee on Finance, issued the following comments on the guidance and other materials issued today by the Centers for Medicare and Medicaid Services (CMS) related to the Medicare Modernization Act (MMA).

“By issuing the guidance and materials today, CMS is keeping the ball rolling toward fulfilling the promise of the MMA in 2006. Because of the importance of these issues to the new drug benefit, I was particularly pleased that the agency outlined its principles for reviewing and approving plan formularies. We need to make sure that Medicare beneficiaries have good access to their medications, while at the same time ensuring that plans have sufficient flexibility in designing benefits and that the benefit remains affordable. I raised these issues with CMS Administrator McClellan during the September 14th Finance Committee hearing and in a September 24th letter to him.

"The guidance shows that CMS will not simply rubber-stamp plans' formularies. Rather, the agency will review multiple aspects of plans' formularies that affect beneficiaries' access to drugs including the classes and categories, cost-sharing structures and prior authorization requirements, among others. If a formulary seems out of line with current best practices – and as a result, would discriminate against certain beneficiaries – CMS will not approve that formulary. That's how it should be.

"I'm also pleased that CMS issued information about the application and contracting process for the Part D prescription drug program. This information will give organizations a head start as they begin making their plans to apply for the agency's approval to offer beneficiaries the Medicare prescription drug benefit in 2006.”