Transcript of Floor Statement by Senator Kent Conrad (D-ND)
on Stability Amendment to Prescription Drug and Medicare Improvement Act
June 24, 2003

I believe the bill before us is a step in the right direction. It provides much-needed and long-awaited prescription drug assistance to Medicare beneficiaries across the nation. I commend Senator Grassley and Senator Baucus for putting this proposal together.

But while I support this effort, I also recognize its shortcomings. I think one of the biggest weaknesses of this bill--other than the fact that it is not the kind of full prescription drug plan that many had hoped for because there are not sufficient dollars to support such a plan--is the fact this underlying legislation has too much instability. It creates confusion.

We could have a senior being in four different plans in four different years. And if there is anything I think we know, it is that seniors want certainty. They want to know what they are getting. But under this plan, seniors could be bounced back and forth between different plans, depending upon how many private drug-only plans enter an area. That is the first problem. If a senior is in a fallback plan and two private plans enter the area, they will be forced to leave a plan they may like, and they have no choice in the matter.

The second problem is, every time they switch between drug-only and fallback plans, their benefits could change. This chart demonstrates that uncertainty. Premiums are uncertain. Deductibles are uncertain. The coinsurance, coverage gap, the covered drugs, and even access to local pharmacies with no extra charge--all of those things are subject to change.

The third issue is this very ability isn't just a problem that could occur when a senior goes from a drug-only plan to a so-called fallback plan. It could also happen if seniors go from one fallback plan to another.

When you add this all up, this is the type of situation a senior could face, as shown on this chart. The Senator from Arkansas earlier used this chart. It shows what could happen to a senior being in four different plans in four different years, with different premiums, with different copays, with different formularies--that is, different drugs being covered--with different rules with respect to whether they can use their local pharmacy without additional cost.

All of these are subject to change from year to year. Every one of these--the premiums, the deductibles, the coinsurance, the coverage gap, the drugs that are covered--is subject to change. That is not the circumstance we want to construct for our seniors.

In one year of this benefit, only one drug-only plan enters a region. A senior enrolls in the fallback plan to get drug coverage. In 2007, another private plan enters, and the senior is compelled to leave the fallback plan. Whether they like that plan or don't like it, they are forced to leave it.

In the third year, we might see private plan A leave the program and the senior then be put in private plan B, again with different rules, with different copays, with different premiums, with a different coverage gap. And then again, if private plan B left the area, they could again be in a different fallback plan--four different plans in four different years.

I am particularly concerned that rural seniors could face the situation I just described. To date, private plans have not had much interest in coming into those areas. Only 2 percent of rural counties had two or more Medicare+Choice plans in August of 2001.

This amendment seeks to create more stability and to provide the kind of certainty our seniors want. I hope my colleagues will look upon this plan with favor.