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March 24, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington D.C. 20510

Dear Majority Leader Reid:

The Medicare Rights Center, a national nonprofit consumer service organization for people with Medicare, believes that the Health Care and Education Affordability Reconciliation Act of 2010 (H.R. 4872)—the final health care package now coming to a vote in the Senate—will provide much-needed benefits to people with Medicare. The final package represents a comprehensive approach to health care reform while making important improvements and investments in Medicare.

There are several major ways that this landmark legislation will improve Medicare. Firstly, the legislation eliminates the Part D coverage gap by 2020, decreasing the share of costs paid by consumers while in the so-called “doughnut hole” until it reaches the standard 25 percent. People with Medicare who reach the coverage gap in 2010 will immediately benefit from the legislation, receiving a \$250 rebate. In 2011, people with Medicare who enter the coverage gap will receive a 50 percent discount on brand-name drugs. Furthermore, the final reconciliation bill passed by the House of Representatives limits the amount of money people with Medicare must spend to reach Part D catastrophic coverage. This is an important improvement that will help further curb burdensome costs that make it difficult for older Americans to afford their drugs.

Over 3.4 million people with Medicare hit the coverage gap each year and struggle to pay the full price of their medicines. We frequently receive calls on our consumer hotlines from individuals who must skip doses, split their pills or forgo medications altogether because of the high out-of-pocket costs of prescription drugs during the coverage gap.

The closure of the coverage gap in the reconciliation bill builds on the considerable Medicare investments, such as those in primary and preventive care, included in the underlying Senate legislation, The Patient Protection and Affordable Care Act Bill (H.R.3590), which is now law. For example, the law provides coverage under Medicare for an annual wellness visit and personalized prevention plan at no charge. Also, the legislation increases reimbursements to doctors who provide primary care, increasing access to these services for people with Medicare.

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Moreover, people with Medicare will benefit from provisions that will eliminate deductibles and cost-sharing for preventive services, such as glaucoma screening and diabetes self-management training. In combination with the reconciliation bill, these provisions in the underlying law will increase access to treatment for people with Medicare.

Despite claims to the contrary, the bill does not cut any Medicare benefits. However, it will reduce overpayments to Medicare Advantage plans administered by private insurance companies. Medicare Advantage plans are paid on average 14 percent more per enrollee than Original Medicare. These overpayments all too frequently fail to result in lower costs and better benefits. While some private plans perform well, the Medicare Advantage program as a whole has fallen short of its promise, annually costing taxpayers \$11 billion in excess of the costs of Original Medicare. By providing bonus payments to Medicare Advantage plans that deliver high-quality care and limiting the money plans put toward administrative overhead, marketing and profits, H.R. 4872 helps to ensure that both taxpayers and Medicare consumers will receive value from Medicare Advantage plans.

Lastly, the final health care reform package also provides access to health coverage for millions of Americans without health insurance, including people with disabilities enduring the two-year wait for Medicare. Assistance with premiums and cost-sharing will help ensure middle-class Americans will be able to afford the medical care they need, while the expansion of Medicaid coverage provides a cost-effective means of delivering care to people with low incomes.

We thank you for your commitment to health care reform and preserving Medicare, putting the needs of your constituents for affordable, high-quality health care at the forefront of this legislative effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Baker". The signature is fluid and cursive, with the first name "Joe" being more prominent than the last name "Baker".

Joe Baker
President