MEDICARE RIGHTS CENTER

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December 24, 2009

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

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington D.C. 20515

Dear Majority Leader Reid and Speaker Pelosi:

Major healthcare reform is now close to becoming a reality in large part because of the leadership you have shown in shepherding legislation through the Senate and House of Representatives. The Medicare Rights Center is grateful for your efforts and ready to assist you in securing final passage of comprehensive health reform. We write today to outline the Medicare reforms we believe are essential to strengthening the Medicare program and helping older adults and people with disabilities afford the care they need. We urge you to include these reforms when the House and Senate conferees reconcile their health care bills and develop a bill for final passage in both chambers.

Every year, the Medicare Rights Center fields over 80,000 calls from people with Medicare, their caregivers and the health professionals who serve them. Our staff and volunteers provide advice on a wide range of consumer problems, help people with low incomes enroll in programs that help them afford medical care and prescription drugs and act as advocates for consumers who are denied the treatments they need. The recommendations below spring directly from the problems we hear from people with Medicare who call the Medicare Rights Center seeking assistance.

Close the Doughnut Hole

Over 3.4 million people with Medicare hit the coverage gap, or "doughnut hole," in the Part D prescription drug benefit each year and must struggle to pay the full price for their medications. 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 when they are in the coverage gap. Stories like this one are all too common.

> Ms. B lives in New Jersey and is 80 years old. She is diabetic and requires insulin as well as other medications to treat multiple conditions, including a degenerative eye disease. While her income is a little over $1500 per month, a 90-day supply of only one of her medications costs $1,496. Ms. B is in the coverage gap and, after maxing out all her credit cards to pay for the cost of her medications, is forced to beg for free samples from her providers because she cannot afford to pay for her drugs.

Sec. 1181 of the Affordable Health Care for America Act phases out the coverage gap by 2019, providing immediate assistance starting in 2010 by shrinking the coverage gap each year until permanent elimination.. President Obama has also pledged to phase out the gap by 2019 and Senate leaders have identified closing the doughnut hole by that date as a priority for the conference.

With drug costs on the rise, uninterrupted coverage of prescription drugs is vital for older Americans and people with disabilities in order to assure continuous access to needed treatment. We ask you to fulfill the promise made by Congress and the Administration and close the coverage gap.

Improve Access to Low Income Assistance

Low income people with Medicare can receive assistance with their drug costs through the low-income subsidy (LIS) and with Part A and B cost-sharing and premiums through Medicare Savings Programs (MSP). Only individuals with very low incomes ($1,218 per month for MSP/full LIS, $1,354 per year for partial LIS) and limited assets ($8,100 for a MSP/full LIS, $12,510 for partial LIS) can qualify for assistance. These income and asset thresholds mean that many people with Medicare on low incomes — nearly half of people with Medicare earn less than 200 percent of the federal poverty level — do not qualify for the help they need. For people who fail to qualify, it can mean the cost of treatment is out of reach:

> Mrs. D, a California resident, is 76 years old and eligible for Medicare through her disability. She needs assistance paying for her medications and requires expensive dental care that is not covered by Medicare. Even though her monthly income is below $1195 — just below the 2009 limit for Part D Low-Income subsidy eligibility — she is ineligible for the program because she has $15,000 in assets. As a result, her monthly drug costs eat into the limited savings she needs to pay for dental care or other family emergencies.

Section 1201 of the Affordable Health Care for America Act raises the asset threshold for MSP and both full and partial LIS, establishing a single asset threshold of $17,000 for individuals and $34,000 for couples This important reform will allow low-income people with Medicare to maintain modest nest eggs for their retirement. We urge you to include this provision in any final legislation.

Congress should also take this opportunity to fully align the income and asset criteria for MSP and LIS, as recommended by the Medicare Payment Advisory Commission (MedPAC). While

the Medicare Improvements for Patients and Providers Act of 2009 aligned the MSP asset levels with the thresholds for full LIS, new exclusions for life insurance and in-kind support apply only to the LIS. Differing eligibility criteria hamper the coordination of outreach and enrollment efforts for the two programs that could address the chronic under-enrollment in MSP, which has less than one-third of eligible consumers enrolled.

Increasing access to these programs does more than help curb out-of-pocket costs associated with Medicare for people with low-incomes. The savings on drug and medical costs provided under these programs allow people more financial flexibility to obtain supplemental insurance and access other healthcare services that Medicare does not cover.

Expand Access to Preventive Services

Conditions that could be prevented or better managed as a result of early detection include diseases prevalent among people with Medicare such as heart disease and diabetes. However, preventive services are underutilized by the Medicare population; in 2007 less than 4 percent of beneficiaries who were eligible partook in a welcome to Medicare exam.

Administrative barriers and cost may prevent or deter people from accessing these important services. People with Medicare but no secondary insurance have significantly lower use of preventive services than those with secondary coverage, according to MedPAC. MedPAC also found that the use of Part D to cover preventive vaccines created administrative and cost barriers that could discourage their use by people with Medicare. For low income consumers, these barriers present a real hardship:

> Mr. and Mrs. T have a combined monthly income below $1,822. Mr. and Mrs. T's doctor recommended they receive the shingles vaccine because they are at risk of infection. The doctor administered the vaccine and charged Mr. and Mrs. T up-front for the total costs of the vaccine and administration, which came to over $300. Unlike most vaccines, which are paid for under Medicare Part B, Part D covers the shingles vaccine. As a result, Mr. and Mrs. T had to pay out-of-pocket for the cost of the drug, a significant financial burden. Mr. and Mrs. T sought reimbursement from their Part D drug plan. The plan initially denied payment, and it was only after months of appealing that they were able to receive reimbursement.

Both the Senate and House bills include improvements in access to preventive and wellness Medicare benefits and increases in the scope of these benefits

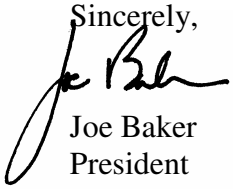
Sec. 4104 of the Patient Protection and Affordable Care Act and Sections 1305 and 1306 of the Affordable Health Care for America both eliminate coinsurance and deductibles for preventive services covered by Medicare. We urge that this important benefit improvement be maintained in the final legislation.

Sec. 4103 of the Patient Protection and Affordable Care Act makes an annual wellness examination a Medicare-covered benefit. The annual wellness visit will be fully covered by Medicare and will be free to the patient ─ no coinsurance or deductible applies. The annual wellness visit would include a personalized prevention plan and early detection services for conditions like cognitive impairment, such as the onset of Alzheimer's disease. The bill also provides for education and outreach to people with Medicare about the availability of the exam. We urge you to include this important new benefit in the final bill.

Section 1310 of the Affordable Health Care for America Act consolidates all immunization benefits in Medicare under Part B replacing the inefficient current system that splits coverage of different vaccines between Part B and Part D. In 2007, MedPAC recommended to Congress to cover all preventive vaccines under Part B; we ask you to adopt this recommendation in health reform legislation.

As you work to reconcile the House and Senate bills, we urge you to make it a priority to include these important Medicare reforms. The underlying legislation passed by both chambers improves Medicare's financial outlook; it is vital that the final bill also make medical care and prescription drugs more affordable to older adults and people with disabilities. The Medicare Rights Center is ready to work with you to help secure passage of legislation that improves health coverage for all Americans, including people with Medicare.

Sincerely,



Joe Baker
President