

Committee on Ways and Means

Summary of Medicare Modernization and Prescription Drug Act

Voluntary Rx Drug Benefit Available to ALL Medicare Beneficiaries

- All Medicare beneficiaries covered
- CBO predicts 96% of seniors will voluntarily sign up for the benefit
- Those who want to stay with their current coverage, may do so, and employers encouraged to continue retiree coverage by receiving funding assistance.

Standard Benefit:

- \$250 deductible
- \$251- \$1,000: 80% coverage, 20% cost-sharing
- \$1,001-\$2,000: 50% coverage, 50% cost-sharing
- Catastrophic protection after \$3,700 out-of-pocket (100% of costs covered)
- Premium around \$33 per month or about \$1 a day
- Front end benefit aids most seniors

Extra Assistance for Low-income

- Fully subsidized premium and cost-sharing up to 150% of poverty
- Premium subsidy phased out between 150% and 175%
- Medicare is primary payor
- State Medicaid obligations phased out over 10 years. State governments receive assistance
- Allow tier cost-sharing up to \$5

Beneficiaries Choose Plan that is Best for Them

- Choice of at least 2 plans guaranteed
 - Can choose actuarially equivalent benefit package
 - Can choose plan that has formulary (list of preferred drugs) and pharmacy network that best suits their needs
- Competition holds down costs

Quality Improvements to Improve Seniors Health

- Protections against adverse drug interactions
- Electronic prescribing to minimize medical errors
- Pharmacy therapy management for chronic conditions

Long Overdue Modernizations

- Reform of irrational physician payments
- Covers an initial physical and once every two year cholesterol screening
- Bipartisan regulatory relief and contractor reform
- Stabilization of Medicare+Choice followed by competitive bidding
- Rural relief package for underpaid rural hospitals and home health
- Repeal of 15% of home health cut
- Competitive bidding for Durable Medical Equipment