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Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS
WASHINGTON, DC 20515

SUBCOMMITTEE ON HEALTH
April 7, 2004

Medicare Drug Discount Cards Will Provide Real Relief for Seniors

Dear Colleague:

The Ways and Means Health Subcommittee held a hearing on April 1 on the Medicare Prescription Drug Discount Card program. This program is a critical first step towards providing a full prescription drug benefit for our nation's seniors. These cards will help millions of Medicare beneficiaries save money on their medicines and will provide critical financial assistance to vulnerable, low-income seniors.

Seventy-one companies have been endorsed by the Department of Health and Human Services to provide discount cards to Medicare beneficiaries. Twenty-seven cards will be available to all seniors nationally, while additional cards will be available on a regional basis or through Medicare Advantage plans. HHS estimates that seniors will see discounts of between 10 and 25 percent through their cards. In addition, low-income seniors will receive up to \$600 in both 2004 and 2005 to assist with the purchase of their medicines. Annual fees for the cards will range from \$0 to \$30, and HHS will pay the enrollment fees for those seniors who qualify for low-income assistance.

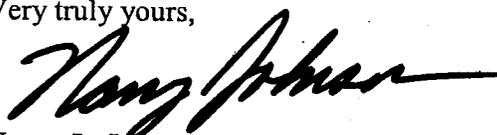
Our hearing highlighted the extensive work that HHS is doing to help seniors select the card that is best for them. HHS has launched a tool on its www.medicare.gov website that will provide customized information, based on the particular needs of each senior, about the differences in drug coverage, pharmacy participation and prices among the available cards. Similar assistance will be available through 1-800-MEDICARE. The website will contain complete information on all cards by April 29, 2004. Seniors will be able to enroll in cards beginning in May, and discounts and transitional assistance will be available starting June 1, 2004.

Under the program, card sponsors are allowed to update their prices and list of offered drugs on a weekly basis to ensure that beneficiaries have access to the newest drugs and most recently available discounts. HHS is taking aggressive steps to ensure that cards do not engage in "bait and switch" tactics by marketing cards with a particular set of covered drugs and prices and then dropping certain drugs or increasing prices. HHS will monitor each card to ensure that prices do not deviate from expected market changes. HHS has the authority to revoke a card sponsor's endorsement if they engage in any "bait and switch" tactics.

As testimony in our hearing indicated, the availability of these cards will provide tangible benefits to millions of seniors. Sponsoring organizations are using the cards not only to provide discounts on drugs but also to link card enrollees into other available disease management and wellness resources to help them better manage their own health care. In addition, the discount card program will provide both HHS and the sponsoring organizations essential information as we move towards the implementation of a full prescription drug benefit in 2006.

The discount card program is the first concrete step towards making the promise of a prescription drug benefit a reality for our seniors. If you have any questions on this program please contact Kathleen Weldon with the Ways and Means Health Subcommittee at 5-3943.

Very truly yours,



Nancy L. Johnson
Chairman
Health Subcommittee
Committee on Ways and Means