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Beneficiaries Can Buy Extra Drug Coverage

Dear Colleague:

A recent article in *The New York Times* made the false assertion that Medicare beneficiaries will not be able to purchase extra insurance to cover their share of drug costs under the new Medicare prescription drug law.

In fact, the statute clearly states in Section 1860D-2, that prescription drug plans (PDPs) and integrated Medicare Advantage plans may offer supplemental prescription drug coverage, which may reduce the \$250 deductible, reduce the 25% coinsurance or increase the \$2,250 initial benefit limit. *The New York Times* story is just factually wrong.

The new Medicare law permits seniors who already have prescription drug coverage through privately purchased Medigap coverage to keep that coverage if they do not want to enroll in the new Medicare drug benefit. Nobody is forced to make any changes.

However, the new law does prohibit Medigap from selling any new policies with prescription drug coverage. Congress made this decision for two reasons:

1. **Protecting Seniors** - Prescription drug policies offered by Medigap would be duplicative of the new Medicare drug benefit, unnecessarily increasing beneficiaries' expenses without any additional coverage and causing confusion.
2. **Ensuring Best Care For Seniors** - Beneficiaries will receive better care from a single drug plan sponsor rather than multiple sponsors. A single sponsor is needed to coordinate care, monitor and deter adverse drug interactions and over utilization, and implement pharmacy therapy management.

The new law also encourages employers to retain their retiree prescription drug coverage by providing those plans with subsidies for their Medicare-eligible retirees' drug costs, which would be excludable from taxation. These retiree plans could offer additional coverage beyond the standard Medicare drug benefit with absolutely no penalty, unlike many other bills considered by Congress.

In the coming days, we will provide you additional information about the new Medicare law and debunk the myths generated by partisan liberals. Please use the Ways and Means website as a resource on the bill, as it contains one page explanations of many of the issues in the new law. You can find our website at <http://waysandmeans.house.gov>.

Best regards,



Bill Thomas
Chairman
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