

Committee on Ways and Means

Medicare Prescription Drug, Improvement, and Modernization Act of 2003

Guaranteeing Prescription Drug Coverage to All Beneficiaries

Actuaries From Two Different Branches of Government Say All Are Covered

Both the Congressional Budget Office (CBO) and the CMS Actuary – actuaries from two different branches of the government – have stated that numerous plans will be available and more than 95% of beneficiaries will voluntarily sign up for the benefit. These non-partisan actuaries have no axe to grind and are in agreement on this point.

Guaranteed Access

- Beneficiary access to at least one Prescription Drug Plan (PDP) and one integrated plan in each region. Two PDPs are required if no integrated plan is available.
- Bids for risk-plans and reduced risk plans must be submitted concurrently. If risk plans meet specified conditions and are accepted by the Secretary, the Secretary will not accept reduced risk or fallback plans.
- If no risk plans or fall back plans bid in a region, the fall back plan would provide coverage in that area. Fall back plans must:
 - offer the standard benefit,
 - accept performance risk,
 - may not morph into risk plans in a subsequent year.
- CBO estimates that about half of the number of beneficiaries would be in fall back plans in the conference report compared to S.1.

Plans May be Certified Directly by Medicare

If a plan is not certified by a state in a timely manner, Medicare itself can certify the plan (Section 1860D-4). This enables plans to be offered across multiple states and regions without the time consuming effort of being approved by each state insurance agency.