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Congress of the United States
House of Representatives
Washington, DC 20515-0306

**WE SUPPORT H.R. 1, the Medicare Modernization and
Prescription Drug Act**

Dear Colleague:

The following employers and employer organizations support H.R. 1 because they know the bill provides significant assistance to help retain and enhance employer retiree coverage. About one-third of Medicare beneficiaries receive retiree coverage from their former employers. While most of these people are satisfied with their coverage, employers are under increasing pressure to drop or reduce prescription drug coverage.

- The Medicare prescription drug bill allows employers who provide retiree health coverage to access federal premium subsidies for their retirees if they provide coverage that is at least as generous as the Medicare drug benefit (\$250 deductible, 80-20 coverage from \$251 to \$2,000, and \$3,500 catastrophic coverage.)
- Employers will receive 28 cents on the dollar for the drug costs of their retirees for costs between \$250 and \$5,000. In addition, employers will continue to receive the tax benefit for providing employer-sponsored health benefits. This subsidy encourages employers to continue to offer or even expand coverage.
- Employers do not have to comply with the numerous mandates in the bill, so long as they offer actuarially equal coverage.
- Maximum flexibility is granted to employers to continue their health plans. In addition, employers can provide premium subsidies for retirees who enroll in a Medicare prescription drug plan, either stand alone fee-for-service, Medicare Advantage or enhanced fee-for-service. Medicare and taxpayers save money when Medicare beneficiaries stay in their retiree plans because the subsidy is about one-third less than if the beneficiaries had enrolled in a Medicare plan.

Sincerely,

J.D. Hayworth
Member of Congress

The Business Roundtable
National Association of Manufacturers
National Federation of Independent Businesses
Employers Coalition on Medicare
Employer Health Care Alliance Cooperative
ERISA Industry Committee (ERIC)
Washington Business Group on Health
3M Company
Ahold USA, Inc.
The Aluminum Association
American Benefits Council
American Chemistry Council
American Council on Education
American Small Business Association
Bank of America
BellSouth Corporation
Cargill, Incorporated
Case New Holland Inc.
Caterpillar Inc.
Communicating for Agriculture and the Self-employed
Coors Brewing Company
Corporate Health Care Coalition
Cox Enterprises, Inc.
Cummings Inc.
DaimlerChrysler Corporation
Deere & Company
Delphi Corporation
The Dow Chemical Company
DuPont Company
Eastman Kodak Company
Financial Executives International
Fisher Scientific International Inc.
Food Marketing Institute
Ford Motor Company
General Dynamics Corporation
General Electric Company
General Motors Corporation

The Goodyear Tire & Rubber Company
Halliburton Company
The Health Association, Rochester, NY
Hershey Foods Corporation
Hewlett-Packard Company
The Hispanic Business Roundtable
Honeywell
IBM
International Mass Retail Association
International Paper Company
Jostens
Kellogg Company
LPA, the HR Policy Association
Lucent Technologies
Monsanto
Motor & Equipment Manufacturers Association
Motorola
National Mining Association
National Restaurant Association
National Retail Federation
National Rural Electric Cooperative Association
Peabody Energy Co.
Pitney Bowes
PPG Industries, Inc.
Printing Industries of America
RAG American Coal Holdings, Inc.
Raytheon
Rohm and Haas
SBC Telecommunications
Sears, Roebuck and Co.
Southern Company
Sprint
Texas Instruments
The Timken Company
UPS
U.S. Chamber of Commerce
Verizon
Visionary Health Concepts, New York, NY