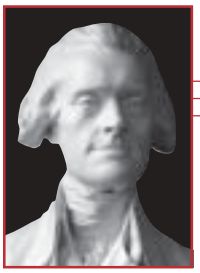

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

A National Association for America's State Legislators ♦ Jeffersonian Principles in Action!

ALEC ISSUE ALERT

To: **The Honorable Dennis Hastert, ALEC Alumnus**
Speaker of the U.S. House of Representatives
From: **Duane Parde, ALEC Executive Director**
Date: **November 18, 2003**
Re: **Medicare Prescription Drug Legislation**

Fax: **(202) 225-0697**

Congress will soon vote on the Medicare reform conference report. While I have concerns regarding the potential long-term costs associated with the announced compromise, I believe that on balance it is a net positive for not only America's seniors, but businesses, and all health care consumers as well.

A drug benefit as part of Medicare will offer needed protections from exceptionally high drug costs for beneficiaries. That is very much a positive. While unfettered FEHBP-type premium support for all Medicare enrollees remains the ideal solution, a broad demonstration project involving the maximum number of people, cities, and health insurance arrangements over as many years as possible, is a good start. Federal employees have benefited from this approach for over forty years. The model works.

While ALEC has opposed, and will continue to oppose the reimportation of prescription drugs, we do applaud conferees for requiring that the Secretary of HHS certify the safety of the practice as a condition of it being expanded. The recent series of articles in the Washington Post made clear the dangers consumers face if they shop abroad for their medications.

The single best piece of the legislation however is the creation of tax-preferred Health Savings Accounts (HSAs). By allowing all Americans to participate in HSAs, consumer behavior will change dramatically for the better. Patients will become more prudent in their use of health care services and will benefit directly by doing so. This will go a long way towards slowing the major increases in health care spending that we have witnessed in recent years. As the major purchasers of health insurance, businesses will also benefit.

If you have any questions, please do not hesitate to contact either myself or Jim Frogue, Director of the HHS Task Force. We can be reached at 202-466-3800.