



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of Chairman Chuck Grassley  
Hearing, "Finding the Right Fit: Medicare, Prescription Drugs and Current Coverage Options"  
Tuesday, April 24, 2001

Today, the Finance Committee looks again at one of the year's biggest issues: Medicare reform and prescription drugs.

In March, we heard testimony from a number of expert witnesses, including the Congressional Budget Office and the General Accounting Office regarding the potential cost of a Medicare drug benefit. This morning, we move forward to discuss the implications a new Medicare drug benefit may have on prescription drug options already available to older Americans.

Although Medicare does not provide a complete prescription drug benefit, it is incorrect to assume that the Medicare population is completely without any coverage. In fact, in 1998 73 percent of Medicare beneficiaries had prescription drug coverage for some portion of the year. While some coverage may be limited, other coverage is much more comprehensive. I've heard from Iowans on both sides of the coin. Some need additional assistance for prescription drug costs; however, many others are terrified at the prospect of losing their current coverage as a result of a new federally-mandated benefit.

Today, the most common source of prescription drug coverage for the Medicare population is through employer-sponsored health plans for retirees. In fact, of all Medicare beneficiaries that have drug coverage, close to 45 percent have such coverage through employer-sponsored retiree plans. Through these retiree plans beneficiaries pay as little as \$5 for generic drugs, \$10 to \$14 for brand-name pharmaceuticals, experience modest deductibles, and generally have no limit on annual drug expenditures. It is easy to understand, then, why older Americans want to maintain this kind of coverage, and it is important for Congress to consider these facts as we craft Medicare legislation.

In addition to retiree health plan options, nearly 6 million Medicare beneficiaries receive prescription drug benefits through Medicare+Choice plans. Under these plans, beneficiaries enjoy the benefits of a coordinated approach to wellness and treatment. Benefits such as disease management, step therapy, and home delivery are just a few of the additional pharmaceutical benefits available through a managed care approach. Still other beneficiaries access prescription drug benefits through "Medigap" plans, Medicaid programs, and State Pharmacy Assistance Programs.

In light of these issues, Congress would be foolhardy to ignore coverage options now available to Medicare beneficiaries. There is no doubt a benefit guided by the federal government

will impact current programs. However, the extent to which a new drug benefit can complement rather than supplant current coverage will result in a wiser use of taxpayer dollars and equally important, assurance that older Americans can keep the existing drug benefits they really like.

This morning we will hear from a panel of expert witnesses who will provide valuable information about the prescription drug options currently available to the Medicare population. In addition to learning more about these current options, I look forward to deepening my understanding of the lessons being learned by states, Medicare risk plans, and employers in serving the diverse characteristics of the Medicare population. Their wisdom can be helpful to us as we consider how best to meet the needs of beneficiaries.

It is my hope that today's testimony will aid the Senate in creating a fiscally-responsible, common-sense Medicare drug benefit that includes much-needed reforms to the program. I look forward to continuing to work on this critical issue with the assistance of each member of the committee.