



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley
Hearing, "Implementing of the Medicare Prescription Drug Benefit"
Wednesday, February 8, 2006

Today's hearing is on the implementation of the Medicare prescription drug benefit. I'd like to be able to say that the implementation has gone smoothly. But as we all know, it hasn't, especially for some of our nation's most frail and neediest beneficiaries. These beneficiaries – the dual eligibles – were transitioned from Medicaid to Medicare prescription drug coverage. Computer and information problems resulted in some beneficiaries being charged much higher cost-sharing. Some beneficiaries could not get their drugs. Pharmacists have had difficulty in getting through to plans. Many pharmacists filled prescriptions or gave emergency supplies and they are now waiting for payment. Some plan representatives have been unable to answer important questions, like which plan someone is enrolled in. Some beneficiaries didn't receive their cards or, in some cases, they got two! States stepped in to pay for prescription drugs.

All of those situations are unacceptable. We need to fix those problems and fix them fast. And by all accounts -- CMS, the plans, the pharmacists, and others -- are working to do just that. On the problems faced by dual beneficiaries, we knew the transition to Medicare wouldn't be easy. During development of the bill, the Finance Committee thought long and hard about switching Medicaid coverage to Medicare. We considered the challenges that these beneficiaries face. They are frail; they have other impairments. Change can be disruptive for them. And frankly, in the end, the Finance Committee bill in 2003 called for these beneficiaries to continue their coverage under Medicaid – under a program that they knew.

But there were many folks on the other side of the aisle and in the House of Representatives who wanted to convert their coverage from Medicaid to Medicare. I appreciate that view. But we were very concerned about these transition issues. We knew it was bound to be problematic. The Senate debated this issue in June 2003. There was an amendment on the Senate floor to have dual eligibles' prescriptions covered by Medicare. That amendment failed by a vote of 47 to 51. But as we all know, the conference agreement called for the transition of dual eligible beneficiaries into Medicare.

So that's all just history now. And here we are. Don't get me wrong. I'm not happy that things haven't gone as well as they should have. But I find it a little disingenuous that folks who seemingly got what they wanted are now upset about it! Everyone knew full well that transitioning the duals could not be perfect and problems would be inevitable. And I know what the response will be. It will be, "yes, we wanted the duals in Medicare, but we would have handled the transition differently." I won't even try to respond to that. There is no response. It is very easy to sit up here and say, "well, I would have done a better job." My goal is not to assign blame and point fingers. But I do think that it's important that the record reflect the events that

led to this point. The history is part of the record. But it's time to move on. Now is not the time to make excuses. We need to have productive conversations and decisive actions to correct the recent shortcomings.

While there's clearly more to be done, progress has been made in the past few weeks. Secretary Leavitt and Administrator McClellan met with members of the Finance Committee two weeks ago. Dr. McClellan's testimony will follow up on some of the questions raised by members during that meeting. The Administration has ramped up call center capacity and created a dedicated phone line for pharmacists. They've required plans to extend their transition fill policies to ninety days. They created a process for states to be reimbursed for costs incurred during the transition. I might add that all of these actions were taken administratively – no legislation was needed.

As I said, this is good progress, but I'm not going to let up on this until it's crystal clear that the agency has gotten the start-up issues under control. This Committee has a tremendous responsibility to Medicare beneficiaries. We have a tremendous responsibility to taxpayers. I take those responsibilities with the utmost seriousness. I'll do whatever else we need to make sure that the problems are resolved. We need to become better informed about the true nature of the problems. That's has been happening over the past few weeks. Today's hearing will help us continue to do that so that we take appropriate actions. We have people who are on the front lines of implementing the benefit and helping beneficiaries to enroll. In addition to Dr. McClellan, we have representatives of two prescription drug plans, Humana and Wellpoint. Mr. Bernauer and Mr. Schule represent chain and independent pharmacists. Ms. Paeth and Mrs. Willoughby have been helping beneficiaries learn about the benefit and enroll. I look forward to hearing their testimony and to having a productive dialogue with all of our witnesses.