



<http://finance.senate.gov>  
[Press\\_Office@finance-rep.senate.gov](mailto:Press_Office@finance-rep.senate.gov)

Opening Statement of Sen. Chuck Grassley  
Hearing, “The Medicare Prescription Drug Benefit: Review and Oversight”  
Tuesday, May 8, 2007

At last week’s hearing, we heard from witnesses on the front line of the benefit – people who work with beneficiaries on a daily basis, either providing counseling about plan options or filling their prescriptions. Today, we’re going to hear from the agencies whose decisions and activities have shaped that front line -- who took the Medicare law and put it into practice. The Centers for Medicare & Medicaid Services and the Social Security Administration deserve credit for their efforts that helped make a long-promised and much-needed prescription drug benefit a reality for millions of beneficiaries across the nation. But there have also been unfortunate glitches. Most of the early problems seem to have been resolved. And they were resolved quickly. I commend you for that. But there are some persistent problems that should have been fixed by now. I’ve been fairly vocal that while much good work has been done, there’s room for improvement.

When Chairman Baucus and I worked on the Medicare law, we took great pains to make sure that plans wanting to serve Medicare beneficiaries would have to meet strict requirements. Pharmacy availability and formulary rules are just a couple of examples of those requirements. And what I’m particularly interested in learning more about today is how the agency is working to enforce requirements spelled out in the regulations and rules. Because based on information we heard last week, and just as it is the case with physicians, hospitals, and other providers who participate in Medicare, not everyone always follows the rules. They give a bad name to all the plans and providers that do. In some instances, a plan might unintentionally not follow a rule. In others, that might not be the case.

But regardless of intent, CMS is responsible for making sure that they do. We know for example, that the agency requires that if a plan wants to change its formulary, it must allow enrollees to continue to take the drugs they are already taking until the end of the year. We know that it told plans that they are responsible for claims for new dual-eligibles back to their retroactive enrollment date. This is important because before Part D, Medicaid provided retroactive drug coverage. But it is not working the way it should. Not long ago, I heard from a pharmacy in Iowa about problems affecting dual-eligibles. The Director of Billing for the pharmacy informed me that it had not received ANY payments for claims for Medicare beneficiaries who didn’t choose a Part D plan, but who were later found Medicaid eligible and retroactively enrolled. The plans are obligated to pay

those claims! The Government Accountability Office will present findings on that matter in its testimony and report on issues affecting dual-eligible beneficiaries. As chairman last year, I requested that report along with Senator Baucus and Senators Hatch and Rockefeller, and am pleased that it was completed in time for this hearing.

Now let me turn to the SSA and its work on the low-income subsidy. We all know that it's not easy to get people enrolled in assistance programs that they're eligible for. We've seen that with Medicaid, S-CHIP, and the Medicare Savings Program. I know that SSA seemingly pulled out all the stops to find beneficiaries and get them signed up for the extra financial help. And for programs like this one, the results were impressive. The all-out effort got a lot of people enrolled in a short amount of time.

But despite the resource-intensive effort, millions of beneficiaries eligible for the extra help still don't receive it. This Committee has heard that the questions on the application, especially those related to life insurance policies, might lead beneficiaries not to apply. I'm looking forward to hearing from the SSA today about its work to retool the application and its outreach strategies, and from the GAO which is looking into the low-income subsidy application process as well.

Finally, I can't help bring up an issue that we – CMS, SSA and members of this committee – have talked about at length, and that's the Social Security withhold option. The option to have prescription drug plan premiums automatically deducted from Social Security checks was supposed to be a convenient way for beneficiaries to pay their monthly premiums. It's worked well for many beneficiaries, but, as one advocate put it last week, it's been a nightmare for others. Last fall, we held a member meeting on this topic. Since then, I know staff have been updated on the progress made to fix the problem. While I don't question that progress has been made, it's clearly not enough. We need to know what else is going to be done and when it will be fixed once and for all.

Mr. Chairman, at last week's hearing, I said that this committee is ultimately accountable for the operation of the Medicare prescription drug benefit. On many fronts, the benefit has been a resounding success, but it's not perfect. This hearing and last week's hearing not only continue the committee's commitment to strong oversight, they also will provide a solid foundation for the committee's consideration of improvements to the program. One area that I'm particularly interested in is pharmacy issues. Last week, we heard again that some plans' practices have made it difficult for pharmacists to fully gauge the terms and conditions of contracts. That to me just doesn't seem fair, and I think it's an area that deserves more attention.