



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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BAUCUS CONFRONTS MCCLELLAN REGARDING ERRONEOUS MEDICARE REFUNDS

Washington, DC – U.S. Senator Max Baucus (D-Mont.), ranking Democrat on the Senate Finance Committee, today sent the following letter to Centers for Medicare and Medicaid Services Administrator Mark McClellan regarding the disbursement of erroneous Medicare Part-D premium refunds. The text of the Senator's letter follows here:

The Honorable Mark McClellan, M.D., Ph.D.
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Dr. McClellan:

I am very concerned about your recent announcement that a computer error caused over 200,000 beneficiaries to receive refunds of their Medicare Part D premiums. In Montana, more than 1,700 people with Medicare are affected—more than two percent of the total number of people who voluntarily enrolled. This type of financial error on such a large scale is unacceptable and troubles me for several reasons.

First, Congress gave beneficiaries the choice of having their Part D premiums withheld from their Social Security checks. This type of financial transaction should be standard operating procedure for Medicare. That is what beneficiaries expect from Medicare and that is what Congress intended.

Second, the Centers for Medicare and Medicaid Services (CMS) and the Social Security Administration have had major problems exchanging accurate data. For example, several months ago, Congress learned that SSA did not have the appropriate data from CMS to withhold Part D premiums for thousands of people who enrolled in the program. As a result, these beneficiaries were told they owe several months of premiums that will have to be paid back over time. These sorts of data errors cause financial hardships. Most people are unaware that they have been given a refund on their premium or that premiums were not withheld at all. CMS must give beneficiaries an extended amount of time to repay their premiums so that people aren't forced to forgo other needed items, like groceries or gas. I urge you to resolve repayment as painlessly as possible so it doesn't become an undue burden on beneficiaries.

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Third, I am disappointed that you did not mention the recent premium problems when you visited Billings, Montana this week. The prescription drug benefit is very important to many people in Montana. That is why I supported it. But it needs to work fairly, and most importantly, we need honest information about how it is working.

Finally, the problems the Agency has had withholding Part D premiums from Social Security checks need to be understood and fixed as soon as possible. I would like a report detailing why they have occurred—both the over and underpayments. I would also like to know if and when they will be resolved. If there is a structural problem in allowing beneficiaries to have Part D premiums withheld from their Social Security checks, then Congress needs to know about it before any more financial harm is done to enrollees in the Part D program.

I look forward to working with you to resolve this matter quickly.

Sincerely,

Max Baucus
Ranking Member
United States Senate Committee on Finance

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