



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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**BAUCUS CALLS FOR CAUTION, CANDOR FROM AGENCIES
IN RESOLVING MEDICARE DRUG BENEFIT PREMIUM PROBLEMS**
Senator met Medicare, Social Security chiefs today about erroneous refunds to seniors

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today called on the Centers for Medicare and Medicaid Services (CMS) and the Social Security Administration (SSA) to solve recent problems regarding Medicare drug benefit premiums quickly, and without harming Medicare beneficiaries. Baucus and fellow members of the Finance Committee met with CMS Administrator Mark McClellan and SSA Commissioner Administrator Jo Anne Barnhart to discuss problems surrounding the withholding of seniors' Medicare drug benefit premiums from their Social Security checks. This included a CMS error that led to the disbursement of erroneous refunds to more than 230,000 beneficiaries – who now must pay that money back. The text of Baucus's letter follows here:

September 7, 2006

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

The Honorable Jo Anne Barnhart
Commissioner
Social Security Administration
6401 Security Blvd
Baltimore, MD 21235-0001

Dear Dr. McClellan and Commissioner Barnhart:

Thank you for meeting today with Finance Committee members to discuss withholding Medicare prescription drug premiums from Social Security checks. I am writing to follow up on our discussion.

Based on your comments, several types of problems have occurred with Part D since January 1, 2006. The largest problem has been the erroneous refund of premiums to over 200,000 beneficiaries in August. According to information from your staff, drug premium withholding has not worked properly or accurately in over 300,000 additional cases for a total of over 500,000 cases.

Although you described the steps your agencies will take to resolve current cases, more work needs to be done to reduce the risk of any type of premium error occurring in the future. I am particularly concerned about the potential for errors during the next open enrollment period. Your agencies need to work together to better control data file exchanges so that quality checks, not just eligibility edits, are performed on both sides. Feedback mechanisms need to happen over a shorter period of time so that errors on either side are found before mistakes are passed on to the Treasury.

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Any steps taken by your agencies to fix withholding errors should not unduly harm beneficiaries, who by no fault of their own have over- or under-paid their premiums. I agree that people affected by the recent refund error should be given up to seven months to repay if needed. In some cases, however, a waiver from repayment may be more appropriate. There is precedent for waiving repayment of errors made with Medicare Parts A and B premiums. I am also concerned that the other fixes proposed, such as withholding more than a few months' premium from the October check, are unfair and will create financial hardship. Some beneficiaries have had no premiums deducted and may owe an amount close or equal to their entire monthly benefit. Seniors need a better fix.

Finally, your agencies need to be more candid with the Committees of jurisdiction over the Medicare program about the operational challenges you have with the drug benefit. We need regular assessments of how the program is working, and not working. And Congress needs to be consulted before you fix errors, particularly those involving beneficiaries.

I look forward to working with you more closely to ensure premium withholding works properly and accurately, as Congress intended.

Sincerely,

Max Baucus

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