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Floor Statement of Sen. Chuck Grassley, of Iowa
Ranking Member, Senate Committee on Finance
21st Century Medicare Act
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Mr. President, our time is very short this morning, so I will be brief. Let me discuss the key criteria Senators should consider.

Permanent and Dependable?

First, is the drug coverage permanent and dependable? Under the Tripartisan Amendment, drug coverage would be a permanent part of the Medicare entitlement, for the 21st Century.

Under the Graham Amendment, however, that coverage disappears into a black hole. The benefit expires the very same year the baby boomers begin to retire. In my view, it's terribly irresponsible to pull a bait-and-switch on people who depend on Medicare. How will my colleagues explain to seniors in 2010 that they are out of luck because of a gimmick they used to hide the true cost of their proposal? I ask the Senate to support permanent, dependable drug coverage.

Access to Needed Drugs?

The Graham Amendment seriously restricts Medicare enrollees who want access to brand-name drugs. Its restrictive policy will result in long lines for ground-breaking drugs. Why? Because Senator Graham requires Medicare enrollees to wade through a bureaucratic appeals process in order to get needed drugs that are off the formulary. And it's not a short list – their formulary denies access to at least 90 percent of brand-name drugs.

We've heard a lot about gaps in coverage. Mr. President, here's the biggest gap of all: the gap between the large number of brand name drugs beneficiaries may need, and the paltry number Medicare would cover under the Graham Amendment. Of the 2400 brand name drugs approved by FDA, less than 10 per cent would be covered. What a gap in coverage!

Our amendment, on the other hand, sets policies to ensure that Medicare enrollees get the drugs they need. We don't limit them to an arbitrary number of drugs in each class, as Senator Graham does. We support making generic drugs an option, with lower cost-sharing, but we don't think depriving seniors of access to brand-name drugs is the way to go about it. So that's a key difference.

Our opponents have talked a great deal about the fact that less than 20 percent of

beneficiaries would face a gap in coverage under the Tripartisan Amendment. But compare that number with the number of beneficiaries who would experience a gap in coverage under their Amendment. Under the Graham Amendment, fully 100 percent of enrollees would lack full access to brand-name drugs in Medicare. When you lay the two gaps against one another, isn't it clear that their gap, which will affect all enrollees, is the worse one?

Sustainable, Cost-Efficient Drug Benefit?

Our bill also delivers a cost-effective, quality benefit. CBO says that the only way to contain the cost of a drug benefit is to ensure that drugs are delivered efficiently.

In turn, CBO says that the only way to have drugs delivered efficiently is to have true competition among private plans that stand to make money if they drive hard bargains with drug manufacturers. That's what our Amendment offers.

Now, our opponents have gone on and on about private plans not being willing to deliver a drug benefit. Well, they too rely on a private sector delivery system, although it is non-competitive and thus is so expensive.

We've worked hard to ensure our delivery system works. Our opponents say that insurers will refuse to participate, even though the government lays \$340 billion on the table and bears 75 percent of the economic risk, and even though CBO projects it to work everywhere in the country. But what happens in the off-chance that private plans won't want to participate?

Well, here's what will happen. The government has a duty – mandated in our bill – to do what it takes to ensure a drug benefit for every last Medicare beneficiary. If insurers won't participate at the level of competition we expect, the Secretary must adjust the competition bar downward until they will participate.

As a last resort, we would end up with a Graham-type delivery model in which Pharmacy Benefit Managers are simply government contractors, bearing only minimal performance risk. Put another way, our Plan B is Senator Graham's approach. So why are our opponents so afraid of that?

Under no circumstances will our bill allow any senior, anywhere, to go without access to a drug plan. It's an ironclad guarantee, and it's right there in our bill.

Now, the Senator from Massachusetts has repeatedly objected to the asset test for the low-income benefit in our bill, as if it's something new. What a red herring. Mr. President, there has been asset testing for low-income Medicare populations since 1987, under the Qualified Medicare Beneficiary program and the Specified Medicare Beneficiary programs. And Senator Kennedy and his Democratic colleagues voted for it overwhelmingly. There's nothing but politics behind those objections.

Enhanced Fee-for-Service Option?

Mr. President, another thing the Tripartisan Amendment offers is an Enhanced Option in Medicare. The Enhanced Option will add protection against the devastating costs of serious illness, and make preventive benefits free to help seniors avoid serious illness in the first place. And it's completely voluntary – seniors get to choose, and they don't need to take it in order to get drug

coverage.

What does the Graham Amendment have to offer beyond drugs? Nothing. Mr. President, why would anyone want to deny Medicare beneficiaries the choice of free preventive benefits and better protection against serious illness? I'll let the other side answer that.

Mr. President, the choice is clear. The Graham Amendment offers drug coverage that swiftly disappears into a black hole, and it has the biggest gap of coverage of all. The Tripartisan Amendment is the right prescription for 21st Century Medicare. I yield the floor.