

## What do Consumers Want in a Medicare Prescription Drug Bill?

What do Consumers Need?	What would GOP bill do? (Assumes a hybrid of HR 4954 and Bush)	What would Democratic bill HR1199 do? (Rangel/Dingell)
<p><i>Brief Description of Benefit Design:</i></p>	<p>HR4954 had:</p> <ul style="list-style-type: none"> <li>• \$250 deductible</li> <li>• 20% coinsurance up to \$1,000</li> <li>• 50% coinsurance \$1,001 to \$2,000</li> <li>• Stop-loss of \$3,700/year (maximum out-of-pocket not including premium)</li> <li>• Estimated (not guaranteed) premium of \$35/month</li> </ul> <p>Bush plan:</p> <ul style="list-style-type: none"> <li>• Those in traditional Medicare would have (unspecified) catastrophic coverage and a discount drug card</li> <li>• More prescription drug coverage would be available through HMO's or PPO's, but choice of doctor would be limited (HMO) or out-of-pocket costs for non-network providers could be unlimited (PPOs)</li> </ul>	<ul style="list-style-type: none"> <li>• \$100 deductible</li> <li>• \$25/month premium</li> <li>• 20% coinsurance</li> <li>• Stop-loss of \$2,000 per year (maximum out-of-pocket, not including premium)</li> <li>• Coinsurance depends on preferred/non-preferred status</li> </ul>
<p><i>Establish Medicare prescription drug spending as a national priority at the spending level needed to provide meaningful benefit</i></p>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Republican budget allocates \$400 billion for prescription drugs <i>and</i> Medicare “reform”, and will cover <i>at best</i> 22% of projected prescription drug expenditures</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• After taking into account expanded use of generics and expanded purchasing power of federal government, likely to cover considerably more than half of projected expenditures</li> </ul>
<p><i>Preserve the integrity of the traditional Medicare program, without privatizing Medicare</i></p>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Would privatize Medicare and undermine traditional Medicare</li> <li>• Relies on participation of <i>reluctant</i> insurance industry</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• Builds prescription drug benefit into Medicare (Part D)</li> <li>• Avoids adverse selection that will occur in privatized system (because risks vary)</li> </ul>

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<i>Reliable coverage</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Medicare HMO's have been UNRELIABLE: they leave regions; reduce prescription drug coverage; raise premiums</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• Coverage is guaranteed, always available to all</li> </ul>
<i>Guarantee the benefit to beneficiaries at a <b>guaranteed</b> affordable premium</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• No guarantees of private coverage availability</li> <li>• No guarantee of premium</li> <li>• Depends on participation of private industry</li> <li>• Likely to result in different benefit availability in different regions</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• Guaranteed benefit</li> <li>• Guaranteed premium</li> </ul>
<i>Establish a <b>standard</b> benefit that beneficiaries will understand, avoiding confusing variations</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Likely to result in varied benefits and confusion</li> <li>• Bush plan would have varying benefits by PPO's, HMO's and traditional Medicare</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• Standard benefit</li> </ul>
<i>Generous benefit for low income consumers, with minimal cost-sharing, up to 175% of federal poverty level</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Full premium subsidy up to 150% poverty</li> <li>• Modest (but some) cost-sharing for those up to 175% of poverty</li> <li>• BUT: no coverage for donut hole—major gap between expenditures of \$2,000 and \$3,700</li> <li>• BUT: asset test</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• No cost-sharing at income levels up to 175% of poverty</li> </ul>
<i>True catastrophic protection for those with highest drug expenditures</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Likely to have to reach high prescription drug expenditure level of at least \$3,700 before receiving catastrophic protection</li> </ul>	<p style="text-align: center;"><b>✓</b></p> <ul style="list-style-type: none"> <li>• Out-of-pocket costs are limited above drug expenditures of \$2,000</li> </ul>

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<i>Meaningful financial relief for most beneficiaries who have moderate expenditures</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Large gaps in coverage for those with moderate needs (donut hole)</li> </ul>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Meaningful benefit at all levels of prescription drug expenditures, without any gaps</li> </ul>
<p><i>Reasonable “break-even point”: amount that you must spend on prescription drugs so that the benefits you get exceed the premiums that you pay</i></p> <p><i>Note: 1/3 of recipients will spend less than \$500 in 2003</i></p>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Under HR4954, individuals would have to spend more than \$775 a year on drugs to end up with a net benefit (hence many would not enroll)</li> </ul>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Under HR1199, individuals would have to spend more than \$475 on prescription drugs to end up with a net benefit</li> </ul>
<i>Allow beneficiaries freedom of choice of doctor at an affordable cost</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Bush plan would not provide full prescription drug benefit in traditional Medicare: forces beneficiaries in effect to choose between prescription drug coverage and choice of doctor</li> </ul>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• By preserving traditional Medicare, assures the freedom of choice of doctor that beneficiaries value</li> </ul>
<i>Rein in prescription drug expenditures through accelerated introduction of generic drugs and by assuring better value for prescription drug dollars spent</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Bush discount drug card program may favor expensive brand name drugs and likely to lead to insignificant savings</li> </ul>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Speeds introduction of generics</li> <li>• Encourages use of cost-effective drugs</li> <li>• Federal government bargains for better prices</li> </ul>
<i>Understandable, without forcing complex decisions</i>	<p style="text-align: center;"><b>X</b></p> <ul style="list-style-type: none"> <li>• Bush plan likely to require all beneficiaries to make complex choice each year</li> </ul>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> <li>• Traditional Medicare would continue to be the coverage of choice for most, without the need for complicated annual decisions</li> </ul>

For more information, contact Gail Shearer, Director of Health Policy Analysis, Washington Office, Consumers Union 202 462 6262, and see [www.consumersunion.org](http://www.consumersunion.org).