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Defining Where We Stand on Medicare Prescription Drugs and Medicare Privatization:
Post-Markup Report from Energy and Commerce and Ways and Means Committees

Dear Democratic Colleague:

Last week, after having only two business days to review more than 300 pages of legislation making radical changes to Medicare, both the Energy and Commerce and Ways and Means Committees held lengthy markups of the Republican Medicare Privatization legislation, H.R. 2473. Democratic members of each Committee offered a number of amendments to improve the bill and make it more affordable for seniors and individuals with disabilities, but all were defeated in virtually party-line votes. Furthermore, the Democrats sought not only to increase prescription drug coverage but reject the broader Republican privatization agenda. The Democratic amendments as described below define the critical differences between the Democratic vision for the future of Medicare and the Republican vision for Medicare's demise:

Democrats believe seniors should know what coverage they're getting. Under the Republican bill there is no guarantee of what benefit seniors get or how much they'd pay for it. Democrats offered a number of amendments to ensure that seniors would have access to a guaranteed defined benefit and a standard premium - so that there would be no question what they would receive from year to year and at what cost. These amendments were defeated on party-line votes.

Democrats believe prescription drugs should be affordable for seniors. The Republican bill specifically prohibits Medicare from negotiating fair prices on behalf of seniors and individuals with disabilities. Democrats offered amendments to ensure beneficiaries and taxpayers would get fair prices under the Republican legislation, including amendments allowing the Secretary to negotiate better deals on behalf of millions of beneficiaries. All were defeated.

Democrats believe seniors should be guaranteed a meaningful drug benefit. The Republican bill has a gaping hole in coverage of at least $2900, where seniors must pay premiums but get nothing in return. Democrats offered amendments to "fill the gap" and provide full coverage for the nearly 50 percent of seniors who will fall into the "gap" each year under the Republican plan. Democrats offered an amendment to make coverage under the Republican plan equal to what Members of Congress receive. Again, these were defeated.

Democrats believe seniors with retiree coverage shouldn't be penalized. The Congressional Budget Office estimates 32% of employers will drop retiree coverage as a result of the Republican bill. Democrats offered an amendment to strike the provision that leads to the erosion of retiree coverage. Again, this amendment was defeated.

Democrats believe all seniors should be guaranteed access to drug coverage and shouldn't have to leave traditional Medicare to get it. The Republican legislation includes no federal fall-back plan and makes seniors join currently non-existent private insurance companies for prescription medicine benefits. Democrats offered an amendment to ensure that seniors would have the choice of getting their medicine through traditional Medicare by providing a guaranteed Medicare option. This would be important for rural areas where private plans are unlikely to materialize or for seniors who do not wish to be subject to the volatility of the private insurance market and would like to stay in the same plan with dependable benefits and costs each year. Again, this amendment was defeated.

(OVER)

Democrats believe Medicare should not be privatized and turned into a voucher system. The Republican bill is the gravest threat to Medicare since its enactment in 1965. Beginning in 2010 it would radically transform Medicare from a system where seniors are guaranteed benefits, to a system where seniors only get a government voucher, leaving them to the mercy of the insurance industry. Democrats offered an amendment in Committee to strike this offensive provision, and save Medicare from being completely turned over to private insurance companies. This too was defeated on party lines.

Democrats believe seniors shouldn't have to pay more to stay in traditional Medicare. Under the Republican privatization provisions, beginning in 2010, many seniors will have to pay more to keep their same fee-for-service coverage they have today. Private insurance companies, loaded with data to pick out only healthy seniors, massive overpayments, and the ability to offer extra benefits as sweeteners, will use predatory practices to lure healthy beneficiaries out of traditional Medicare leaving it to wither on the vine. Democrats offered an amendment to protect beneficiaries in traditional Medicare from price increases as a result of this ideological privatization model. The amendment was defeated on party lines.

Democrats believe seniors in rural areas should be guaranteed choice and stability. The Republican legislation shortchanges seniors in rural areas, failing to provide stability, choice, and ensure access to quality care. Democrats offered amendments to ensure there would be a standard plan in every area so rural seniors would be guaranteed coverage. Democrats offered an amendment protecting traditional Medicare premiums in the voucher model. Democrats offered amendments to require plans to contract for two years, so rural beneficiaries would be guaranteed some stability of coverage. All were defeated by the Republicans.

The series of amendments that Democrats offered during Committee markups draws a bright line between those who care about Medicare and the seniors and individuals with disabilities who depend on this program and those who are just looking for political cover. After all, the House Republican drug bill isn't about covering seniors, it's about covering their own when election day rolls around next year. Were that not the case, Republicans would have accepted several of the key amendments offered by Democrats to improve the fatal flaws in their legislation.

We are deeply saddened by what seems to be a fully partisan, ideological assault on the most successful social program of our time. We hope that you will join us in opposing this legislative travesty when it comes before the full House this week.

Sincerely,

Charles B. Rangel
Ranking Democrat,
Committee on Ways and Means

John D. Dingell
Ranking Democrat,
Committee on Energy and Commerce

Pete Stark
Ranking Democrat,
Subcommittee on Health
Committee on Ways and Means

Sherrod Brown
Ranking Democrat,
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