



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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June 24, 2003

IN REPLY REFER TO

1757 N STREET, N.W.
WASHINGTON, D.C. 20036
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Dear Democratic Representative:

This week the House will consider legislation to establish a prescription drug program for Medicare beneficiaries. The UAW strongly opposes the bill reported by the Ways and Means and Energy and Commerce Committees. In addition to providing an inadequate and unreliable Rx benefit, this legislation would actually make millions of retirees worse off. Even worse, it threatens to undermine the traditional Medicare program.

It is important to recognize that the legislation which will be taken up by the House is **not** the same as the bill currently being debated by the Senate. The truth is, the House bill contains a number of very dangerous provisions not contained in the Senate legislation.

In particular, unlike the legislation in the Senate, the House bill contains so-called "premium support" provisions that would require competition between the traditional Medicare program and private insurance plans beginning in 2010. In our judgment, this would inevitably lead to adverse selection, with the private carriers skimming healthier seniors, while the sick and disabled are left in the traditional Medicare program and subjected to constantly escalating premiums.

Furthermore, unlike the Senate legislation, the House bill fails to guarantee that all seniors will have the option to receive their Rx benefits through the traditional Medicare program, if at least two private Rx plans are not available in their area. This omission threatens to leave millions of seniors, especially those in rural areas, without any viable option for receiving Rx benefits.

Finally, unlike the Senate legislation, the House bill contains provisions imposing a "means test" on the "catastrophic" stop loss protections. This would create a dangerous precedent that would threaten to undermine the universality of Medicare. We believe that all seniors, regardless of their income or status, should be entitled to a comprehensive Rx benefit, including the catastrophic stop loss protections.

The UAW has additional concerns about the House bill. It discriminates against seniors who already have Rx coverage under an employer-sponsored plan, by giving them significantly less assistance than other retirees. CBO has estimated that this discriminatory provision will result in 4.4 million retirees losing their employer-provided Rx coverage. The benefit package in the House bill is also inadequate, and would still require seniors to shoulder large out-of-pocket costs for Rx benefits.

For all of these reasons, the UAW strongly urges you to vote against the Medicare Rx bill reported by the Ways and Means and Energy and Commerce Committees. Instead, we urge you to insist on a bill that will truly help seniors, and will not undermine the traditional Medicare program.

Sincerely,

A handwritten signature in black ink that reads "Alan Reuther". The signature is written in a cursive, flowing style.

Alan Reuther
Legislative Director

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