



New York State Association of Area Agencies on Aging

272 Broadway
Albany, NY 12204-2717
Ph. 518-449-7080
Fax 518-449-7055
office@nysaaaa.org
www.nysaaaa.org

Position Paper New York State Association of Area Agencies on Aging November 19, 2003

Medicare Prescription Drugs Conference Committee Agreement

WHO WE ARE

The New York State Association of Area Agencies on Aging (NYSAAAA) represents the 59 Area Agencies on Aging (AAAs), also known as Offices for the Aging, throughout New York State. AAAs design, fund, and coordinate programs that enhance the community support system designed to maintain the elderly in their homes, postponing the need for more medically intensive and costly health care services. Services provided by local AAAs prevent, delay, or reduce the usage of higher-cost long term and acute care, including hospital and nursing home care. AAAs provide an array of available low-cost services to support existing informal caregiving and enable impaired elderly to live at home in the community.

OUR POSITION

The provisions contained in the conference report threaten the universality and guaranteed benefit of the Medicare program and are too great a concession for the modest prescription drug benefit offered. The proposed Medicare conference committee agreement goes far beyond prescription drugs and falls far short of what older New Yorkers need in a Medicare drug benefit.

BACKGROUND

Republican leaders and two Democratic senators who have been part of the negotiation to unify separate bills passed by the Senate and House in late June announced this weekend that they have reached agreement on a bill to provide prescription drugs under the Medicare program. In addition to providing a drug benefit, the bill would make substantial fundamental changes to the financial structuring and benefit delivery of the Medicare program itself. The agreement was reached "in principal" and a formal conference report has not yet been released to members of Congress or the general public. The conference committee is expected to vote on the report within the next few days, and if Congress, as intended, adjourns for the session on November 21, members will have very little time to review the massive report before it is brought to both floors for a final vote.

Major Provisions of Concern

The prescription drug benefit structure reported in the proposed conference report is not as generous as seniors might be expecting. Furthermore, the benefit will be delivered by private insurers who will have considerable latitude over establishing the amount of premiums, the benefit structure and where beneficiaries would go to receive prescription drugs.

We maintain that any new benefit must not reduce access to other Medicare benefits. Numerous provisions contained in the compromise, as currently detailed, put traditional Medicare at serious risk. These include, but are not limited to:

- A “premium support” six-year demonstration program that could result in a premium variance of over \$100 per month for beneficiaries in the same state. With healthier individuals opting for less costly private plans, adverse selection will prevail in the traditional fee-for-service program, resulting in significantly increased premiums for sicker, older individuals who wish to remain in fee-for-service.
- An indexing of Part B premiums to income, creating a dangerous precedent that puts at risk the universality of Medicare as a defined benefit for all eligible individuals.
- A provision that would allow Congressional action to set an arbitrary cap on Medicare spending and threaten the entitlement nature of the program, but no significant provisions to control the rising costs of drugs.

WHAT THIS COULD MEAN FOR NEW YORK STATE

Although the report has not yet been publicly released, key provisions of the Compromise Report seem to indicate the following:

- It threatens the EPIC program by leveraging federal funding, that is, if New York state wants to access federal funds, seniors would have to join private drug plans with EPIC as a supplement.
- The Conference Committee Agreement establishes an assets test of \$6,000 for low-income persons to qualify for the subsidy, yet EPIC has no assets test. Would the state implement such a threshold for EPIC recipients?
- A proposal in the report prohibits states from providing “wrap around” coverage (which fills in the gaps not covered by the Medicare benefit, for dual eligibles) yet also imposes a “clawback” provision that requires state governments to pay a substantial share of the dual eligible drug costs while at the same time limiting fiscal relief to states.