

Medicare TV Ad: Claim v. Fact

<p><u>CLAIM:</u> “It’s the same Medicare you’ve always counted on, plus more benefits like prescription drug coverage.”</p>	<p><u>FACT:</u> Millions of Medicare beneficiaries will have less benefits due to this law. Seniors who have supplemental drug coverage through Medigap must drop it if they want to join the new drug benefit. Employers will drop drug coverage for 2.7 million retirees due to the new drug benefit. Employers will reduce drug coverage for up to 9 million additional retirees due to flawed employer subsidies in the law. 6.4 million seniors who have drug coverage through Medicaid now will be forced to enroll in the Medicare drug benefit. As a result, they will have higher cost sharing and be denied coverage entirely for some drugs.</p>
<p><u>CLAIM:</u> “You can always keep your same Medicare coverage.”</p>	<p><u>FACT:</u> Medicare will never be the same. The system that eventually caps traditional Medicare spending and overpays private plans will, over time, force beneficiaries to pay more for less in traditional Medicare.</p>
<p><u>CLAIM:</u> “You can save with Medicare drug discount cards this June. And save more with new prescription drug coverage in 2006.”</p>	<p><u>FACT:</u> Savings are elusive and erode over time. Drug discount cards are not guaranteed to provide any meaningful discounts, may not cover the drugs seniors need, and may change discounts and covered drugs at any time. Medicare is prohibited from maximizing savings by negotiating lower drug prices. Under the drug benefit, some beneficiaries will not save and in fact will spend more than they do now. Seniors will still have to pay up to 100% of drug costs due to the gap in coverage (“donut hole”) and ability for private plans to impose strict drug formularies, prior authorization requirements, etc. The value of the drug benefit shrinks much faster than inflation, meaning seniors will have to spend an ever-increasing share of their income on prescription drugs.</p>
<p><u>CLAIM:</u> “So, my Medicare isn’t different, it’s just more?”</p>	<p><u>FACT:</u> Less Medicare benefits for higher premiums. Higher Part B deductible beginning in 2005 and each year thereafter. Higher Part B premiums for all beginning in 2005 as a result of overpayments to private plans. Higher Part B premiums for those with incomes above \$80,000 beginning in 2007.</p>

Medicare Mailer: Claim v. Fact

<p><u>CLAIM:</u> “This new law preserves and strengthens the current Medicare program. [mailer]</p>	<p><u>FACT:</u> The bill weakens Medicare by privatizing it, at great cost to beneficiaries and taxpayers. The President estimates the new law will result in an extra \$46 billion going to private plans. The Congressional Budget Office agrees with the President that the cost of covering seniors through private plans is “substantially higher” than the cost of covering them through traditional Medicare.</p>
<p><u>CLAIM:</u> “You will choose a prescription drug plan and pay a premium of about \$35 a month.”</p>	<p><u>FACT:</u> Premiums will vary and are not limited to \$35 or any other amount. Private plans get to decide what premium they want to charge. The premium will vary plan by plan, area by area, year by year. Over time, the premium rises faster than seniors’ income.</p>
<p><u>CLAIM:</u> “Medicare then will pay 75% of costs between \$250 and \$2,250 in drug spending. You will pay only 25% of these costs.”</p>	<p><u>FACT:</u> There is no guarantee that any senior will get this benefit: Private plans decide which drugs to cover and under what circumstances. Beneficiaries have to pay 100% of costs for drugs that don’t fit the plan’s rules. Private plans are required to pay 75% of the costs of covered drugs <i>on average</i>. Actual cost sharing amounts on any particular covered drug may be much different.</p>
<p><u>CLAIM:</u> “You will pay 100% of the drug costs above \$2,250 until you reach \$3,600 in out-of-pocket spending.”</p>	<p><u>FACT:</u> The actual size of the gap in coverage (“donut hole”) is more than twice the amount this implies. The actual gap in coverage is \$2,850, not \$1,350. In addition, the gap in each private plan will be set by the plan and not Medicare. Thus, the gap could be even larger.</p>
<p><u>CLAIM:</u> “Starting immediately, Americans will be able to set aside money each year, tax free, in Health Savings Accounts.”</p>	<p><u>FACT:</u> This statement is completely irrelevant to Medicare beneficiaries, since they are ineligible for HSAs.</p>

1-800-Medicare: Claim v. Fact

<p><u>CLAIM:</u> “Extra help will also be available for people with lower incomes.”</p>	<p><u>FACT:</u> Many low-income people will be left out or lose coverage. The \$600 “transitional” drug benefit that starts in June is not available to the 6.4 million lowest income Medicare beneficiaries who are also enrolled in Medicaid, nor to the 11.7 million seniors who have retiree coverage. Millions of low-income seniors may not get assistance due to eligibility restrictions for those with certain assets. Those seniors who have drug coverage through Medicaid now will be forced to enroll in the Medicare drug benefit in 2006. As a result, they will have higher cost sharing and be denied coverage entirely for some drugs.</p>
<p><u>CLAIM:</u> “You'll start getting more information from Medicare to help you understand these changes.”</p>	<p><u>FACT:</u> This is an apparent reference to the mailer, which obfuscates rather than illuminates the upcoming changes.</p>
<p><u>CLAIM:</u> “These cards offer a discount off the full retail price of prescriptions. Savings are estimated to be 10 to 25% on many drugs.”</p>	<p><u>FACT:</u> None of these things is actually required. The discount cards do not have to offer discounts off all drugs. There is no guarantee of any discount, let alone a discount of any particular amount. Discounts and the drugs that are covered may change at any time.</p>
<p><u>CLAIM:</u> “Almost everyone with Medicare can choose to join a Medicare-approved drug discount card.”</p>	<p><u>FACT:</u> The 6.4 million Medicare beneficiaries who are also enrolled in Medicaid are ineligible for the discount card.</p>
<p><u>CLAIM:</u> “Plans might vary, but in general, all people with Medicare will have access to a voluntary prescription drug benefit, which will provide significant savings for seniors and people living with disabilities.”</p>	<p><u>FACT:</u> Plans will vary. Each private plan gets to decide which drugs it covers, with what cost-sharing, and at what premium. Also, The benefit isn't voluntary. Anyone who misses the initial enrollment period for the new drug benefit may have to wait months to enroll and face significant financial penalties. Finally, the savings are not significant. As the Center for Economic and Policy Research notes, "seniors in the middle income quintile will pay an average of \$1,650 a year in out-of-pocket expenses for prescription drugs in 2006 - a figure nearly 60% more than they paid in 2000."</p>