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### *Did You Know?*

The average retail prescription price increased more than 3 times the rate of general inflation from 1998 to 2000?

80% of America's retirees use a prescription drug every day.

Today, fewer seniors have drug coverage through a private company than they did a decade ago. In 1994, 40% of firms offered retiree coverage. In 1998, only 30% offered some type of coverage.

A typical senior without prescription drug coverage pays 34% of their after-tax income on healthcare.

Medicare beneficiaries without supplemental prescription drug coverage filled, on average, 16.7 prescriptions, while those with year-round coverage had 22.4 prescriptions filled.

### **Important Numbers & Resources**

For information on Medicare, please call  
1-800-MEDICARE  
or 1-877-486-2048 TTY  
or visit [www.medicare.gov](http://www.medicare.gov)

**Centers for Medicare & Medicaid  
Services Atlanta Regional Office**  
1-404-562-7500

**Department of Elder Affairs  
(SHIP) State Health Insurance  
Assistance Program**  
1-800-963-5337  
1-800-955-8771 TTY  
1-850-414-2060  
1-850-414-2001 TTY

**Social Security Administration**  
1-800-772-1213  
1-800-325-0778 TTY  
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**Congress of the United States  
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M.C.  
Presorted Standard

# The Seniors Update

2003

## Congress Passes Historic Prescription Drug Benefit

In 2003, Congress made tremendous progress towards modernizing and strengthening Medicare. The Medicare reform legislation passed by Congress and signed into law by President Bush is a tremendous step forward in improving the health and lives of American seniors.

This legislation will modernize Medicare and provide a prescription drug benefit for all seniors in Medicare that is affordable and voluntary. For the first time in history, it will provide all of Florida's nearly 3 million beneficiaries with access to a Medicare prescription drug benefit.

The overall goal of the legislation is to provide seniors access to prescription drug coverage. At the same time, Congress did not want any reform to jeopardize those seniors who enjoy the coverage they currently have. This bill achieves both objectives; seniors who choose to will have access to the new prescription drug benefit under Medicare.

The major issues and highlights addressed in this legislation include:

### **Better Choices Under Medicare**

If seniors have better choices under Medicare, health plans will compete for their business by offering better coverage at more affordable prices. This plan includes the choice of making no change at all. I understand that some seniors don't want to change, and that's an option too.

### **Help for Seniors without Drug Coverage**

For seniors without any drug coverage now, this legislation will make a huge difference. In return for a monthly premium of about \$35, seniors now without coverage would see their drug bills cut roughly in half. Seniors with no drug coverage now and monthly drug costs of \$200 a month would save more than \$1,700 on drug costs each year. In addition, this legislation allows for limited drug remimportation from Canada.

### **Prescription Drug Discount Card**

This legislation will produce immediate savings for millions of seniors and real reform to Medicare. For 2004 and 2005, all seniors will be eligible for a Medicare-approved drug discount card that saves between 10 to 25 percent off the cost of their medicines immediately. In 2006, the full Medicare benefit will be implemented.

### **Employers Encouraged to Continue Benefits for Retirees**

Congress wanted to ensure that the prescription drug coverage provided to many retirees by their employers is not undermined. This legislation encourages employers to continue benefits, while also extending drug coverage to the millions of Medicare beneficiaries who now lack it.

Additional highlights of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 include:

### **Immediate Savings for Seniors Through Prescription Drug Discount Card:**

- Available within six months of becoming law for 2004-2005.
- Swipe card used at point-of-purchase for upfront

For a Senior Currently Spending \$2500 annually:

Out of Pocket Costs	Seniors who spend more will have greater savings.
\$35 a month premium.....\$420	
\$250 Deductible.....\$250	
20% of \$1,625.....\$325	
<b>Total out of pocket costs.....\$995</b>	
<b>Total Savings.....\$1,505</b>	<b>60% Savings</b>

discounts.

- Provides significant, immediate savings up to 25% off what seniors currently are paying.

### **Universally Available Prescription Drug Benefit:**

- Guaranteed Benefit begins in 2006
- Voluntary, so seniors can choose to participate if they want.
- Option available for seniors to simply add drug coverage to traditional fee-for-service Medicare without any loss of current benefits.
- \$35 monthly premium, \$250 annual deductible.
- Medicare pays 75% of drug costs up to \$2,250.
- Catastrophic Coverage guarantees Medicare

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# Medicare Reform for All Seniors and a Prescription Drug Benefit

## Frequently Asked Questions

### Are seniors forced to participate in a new Medicare plan to get prescription drug coverage?

Not at all. The hallmark of this bipartisan Medicare Reform legislation is choice – if you like your current traditional Medicare, you can choose to remain there and simply enroll in a prescription drug plan (PDP) as an additional benefit.

### How does this plan help low-income seniors?

For those seniors below \$12,900 in annual income (135% of poverty), their premiums would be paid for by Medicare in advance. When seniors go to fill a prescription at the pharmacy, they would pay a minimal co-payment. (Between \$1 and \$5 per prescription) and leave with their medicines. There is no gap in coverage for these seniors, and Medicare will cover their premiums.

According to the Department of Health and Human Services (HHS), nearly 14 million seniors, including 716,000 Floridians, currently on Medicare would qualify for full coverage under Medicare. That means one in four seniors will pay no more than \$5 for every prescription they fill. Not a penny more.

### Why is this bipartisan plan good for seniors?

In a word – savings. Forty years ago, medications were a minor component of seniors’ health care costs. Today, they account for nearly 15 % of the average Medicare beneficiary’s health care consumption. For millions of seniors, drug coverage is either not an option or there is no protection from runaway drug costs that threaten their financial security. While Medicare pays for hospitalizations and doctors visits, it doesn’t pay for prescription drugs.

Enacting this plan means that seniors will now have help paying for the medications that keep them leading healthy and active lives. From the moment seniors sign up for the coverage, they will receive immediate savings on their overall drug bills.

### What will this do to beneficiaries who already have drug coverage?

Absolutely nothing. Our plan is 100% voluntary. If you like the prescription drug coverage you currently have, you can choose to stay with your original plan and not pay a dime more. It’s that simple. Should your coverage change, there is no penalty for late enrollment in the Medicare Program if you previously had drug coverage.

## Seniors Save Under The Medicare Reforms

Seniors Paying Full Retail Prices with Monthly Rx bills of...	Will Have Annual Rx Savings of...	Reducing Their Annual Rx Spending by...
\$100	\$773	64%
\$200	\$1,733	72%
\$300	\$2,220	62%
\$400	\$2,460	51%
\$500	\$2,700	45%
\$600	\$3,567	50%
\$700	\$4,719	56%
\$800	\$5,871	61%

*Note: Assumes a 20 percent cost management savings.*

### Historic Medicare Reform, cont.

- Provides significant savings up to 50% off of what seniors without coverage are currently paying today.
- Low-Income Assistance to Help Neediest Senior Citizens:**
  - Comprehensive coverage for low-income single seniors with annual income under \$12,900 and low-income senior couples under \$16,600.
  - In 2004-2005, \$600 annual subsidy combined with Rx Discount Card savings to help cover out-of-pocket costs.
  - Beginning in 2006, Comprehensive Pharmaceutical Coverage will be offered, with no gap, for \$2 generic and \$5 name-brand prescription co-payment.

### Preventative Care & Disease Management

- Free “Welcome to Medicare” physical exam to learn upfront a senior’s health status and future care needs.
- New cholesterol and blood lipid screenings added to basic benefits.
- New disease management programs to keep seniors healthy.

### Health Savings Accounts

- Allow individuals to set aside tax-free savings for lifetime health care needs.
- Savings are portable, from job-to-job and into retirement.
- Contributions can be made by individuals, employers and family members.
- Allow annual tax deductible contributions of up to \$2,600 for singles and \$5,150 for families.
- Individuals age 55 and older can make catch-up contributions of up to \$1,000.
- Savings can be used for qualified medical expenses, including retiree health insurance premiums, Medicare expenses, prescription drugs, long-term care services and insurance.

Though not quite perfect, these Medicare reforms are a great improvement to existing Medicare benefits, and will help millions of seniors in Florida and across the country. I am pleased that Congress made greater access to quality health care benefits for seniors a priority this Congressional session. Because there are so many new changes and added benefits, please visit [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE for more information.