



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Medicare's 39th birthday
Da: Friday, July 30, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance and a chief architect of historic improvements to the Medicare program, made the following comment on Medicare's 39th birthday.

"Medicare is such a part of our society that it's hard to remember a time without it. That's exactly as it should be. No one will have to return to the status quo before Medicare, when half of older Americans had no health insurance at all. Under Medicare, all older Americans have health insurance. Soon that health coverage will be the best in the program's history.

"Last year Congress enacted an historic bipartisan agreement to strengthen and improve Medicare. The Medicare Modernization Act was the culmination of years of work by Republicans and Democrats who came together to get the job done. The AARP called the Medicare bill 'an important milestone in the nation's commitment to strengthen and expand health security for its citizens.'

"President Bush's signing of the Medicare bill into law made the improved program a reality. The new drug benefit is voluntary. If people are satisfied with the coverage they have, they can keep it. The benefits are targeted to those who need them most. That means those with the highest drug costs and the least means. Thanks to the new Medicare law, about one-third of Medicare beneficiaries will be eligible for coverage of as much as 85 to 98 percent of their drug costs with a lower or no monthly premium. Medicare will cover 95 percent of drug costs for any enrollee whose drug costs exceed \$3,600 out of pocket. The typical enrollee will save 53 percent off his or her drugs.

"Thanks to the new Medicare law, it'll be more likely, not less likely, that retiree drug benefits continue. Medicare soon will have the most comprehensive package of preventive benefits in history, including a welcome-to-Medicare physical, and coverage of screening tests for heart disease, diabetes, osteoporosis, and breast, colon, cervical, and prostate cancers.

"Seniors now have access to Medicare drug discount cards. Studies show substantial savings from those cards. Just this week the Kaiser Family Foundation found savings of at least 85 percent in low-income households. My own staff's review of Medicare drug discount cards in Iowa found similar savings.

“It’s shameful for some members of Congress to attack the new Medicare benefits as being too complicated and inadequate. They’re exaggerating the complexity to scare seniors. True, Medicare will have more options than before, but the 41 million Americans with Medicare have 41 million individual sets of circumstances. Oversimplify and risk leaving people worse off than under basic Medicare. Those who claim the new benefits are inadequate have to face reality. There is no bottomless source of cash for Medicare benefits. When the baby boomers begin to retire in 2011, this will begin a significant shift resulting in the number of workers supporting each Medicare Part A beneficiary to drop from 4.0 today to 2.4 in 2030. The total number of beneficiaries will grow from about 41 million today to about 70 million in 2025. According to the Medicare trustees, the program will double as a share of GDP from 1.5 percent today to 3 percent in 2035 and 5.6 percent in 2080. While Medicare benefits should be generous, they also have to be sustainable and affordable for beneficiaries.

“Rather than attack Medicare, we should take time out to remember how fortunate we are to have such an important program and that we’ve been able to improve it for today’s seniors, protect it for future generations, and ensure that it remains strong and fiscally sound for years to come.”