

STATEMENT OF CHAIRMAN GORDON H. SMITH

U.S. Senate Special Committee on Aging
“Medicare Part D: Is it Working for Low-Income Seniors?”
January 31, 2007

Good morning. I want to thank Chairman Kohl for selecting such an important topic for the Aging Committee’s first hearing of the 110th Congress.

The low-income subsidy (LIS) is one of the best features of Medicare’s new prescription drug benefit. Millions of seniors now have access to affordable prescription drug therapies, many for the very first time. Last year, the Committee looked at the difficulties many dual eligible beneficiaries had transitioning into the new program. I look forward to revisiting some of the issues that were raised at that hearing.

Since Medicare Part D became effective last year, the Centers for Medicare and Medicaid Services and the Social Security Administration have made a great deal of progress to ensure that the benefit is working well for all beneficiaries. However, there still are a number of improvements that can be made to the program—especially the LIS benefit.

Ultimately, it is Congress’ responsibility to ensure that all low-income seniors who have difficulty paying their prescription drugs costs get the help they need.

Last spring, I filed legislation to create a special enrollment period for newly eligible LIS beneficiaries and to waive their late enrollment penalty. Fortunately, CMS made changes administratively, but I would like to write the changes into law. Giving low-income seniors additional time to enroll in Medicare Part D ensures they are able to choose a plan that best fits their health needs.

Despite this progress, I find it troubling that recent estimates still show that there may be at least three million seniors eligible for the low-income subsidy who have yet to apply for it. It is essential that CMS, SSA and their community partners continue working to capture these seniors through targeted outreach efforts. I expect we could help many more seniors with their drug costs if only they knew extra help was available.

In addition to this, there are a number of things we can do in Congress to help ensure that all seniors who legitimately need help with their drug costs get it.

In the coming weeks, I will introduce legislation with my colleague Senator Bingaman that will reform the asset test used to determine eligibility for the low-income subsidy. Our proposal, which was developed with input from groups like AARP and the National Council on Aging, aims to make it easier for seniors to meet some of the current test’s

requirements and remove unnecessary administrative burdens. I believe the existing LIS application is too complex, and it is preventing seniors from getting the help they need.

I also plan to reintroduce a bill filed last Congress that creates parity in the cost-sharing charged beneficiaries living in nursing homes and assisted living facilities. Current policy waives cost-sharing for beneficiaries in nursing homes, but those who live in assisted living and other community-based facilities must pay it. Frankly, I find that unacceptable. I was pleased to be joined by my Aging Committee colleagues, Senators Nelson, Clinton and Lincoln as cosponsors of that measure and I am glad they have agreed to work with me again this year.

I look forward to hearing an update from CMS and SSA on how well the LIS benefit is working. While these two agencies have had some difficulty in sharing information in the past—particularly with determining subsidy eligibility and Medicare Part D premium withholding—I am confident that they are putting forth their best effort to make this new benefit work for our seniors.

I am hopeful our discussion today will provide this Committee useful insights on how Congress can ensure that all beneficiaries in need get the help they deserve with their drug costs.

Thank you.