

# United States Senate

WASHINGTON, DC 20510

September 11, 2006

Dr. Mark McClellan, Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Commissioner JoAnne Barnhart  
Social Security Administration  
6401 Security Boulevard  
Baltimore, Maryland 21235

Dear Dr. McClellan and Commissioner Barnhart:

We are writing to follow-up on last week's Finance Committee Members' meeting to discuss concerns related to withholding prescription drug premiums from Medicare beneficiaries' Social Security checks. While this meeting was informative, and we are pleased to know that you are working to resolve most of the premium withholding problems, there is an outstanding issue of significant consequence that requires prompt resolution. We specifically request that you provide us with a detailed response regarding your agencies' plans for handling the premium withholds of seniors and individuals with disabilities who, by no fault of their own, have several months of outstanding premium underpayments.

As you both mentioned in the meeting, there are four main premium withhold issues that have been encountered by your agencies: 1) premium withholding not being stopped even though seniors have changed to direct bill; 2) premiums not being withheld even though seniors have requested such withholdings; 3) seniors who switch plans and still have premiums from their original plans withheld and not the premium amount for their new plans; and 4) the Part B premium not being withheld accurately.

We are particularly concerned about seniors who requested premium withholding, but have not seen a reduction in their Social Security checks since they enrolled, and those who switched to higher-cost prescription drug plans, but still have their original plan's premiums withheld. In many cases, these premium errors have persisted for several months, and in some cases as long as nine or ten months. We are extremely worried that, as you continue the corrections process for the August/September claims processing period, seniors in these circumstances will face a premium withholding amount equal to several months' premiums all in one month. A lump-sum withhold such as this could severely harm those seniors who struggle to make ends meet on a fixed income.

The highest prescription drug premiums in each of our states are significant, especially for seniors living on a fixed income. In West Virginia and Oregon, the highest premiums are approximately \$70 and \$60 per month, respectively. As you are aware, some seniors switched to these higher-cost plans in order to receive coverage during the doughnut hole. The difference in monthly premium amounts between the original plan and the higher-cost second plan could be as high as \$40-\$60 per month. Consequently, we have seniors in our states who may face premium withhold amounts as high as \$240-\$480. Even more troubling is the imminent withhold of several months' premiums for those seniors who have not changed plans, but as a result of processing delays, have yet to have any premiums withheld from their checks.

We had hoped that a resolution to these two problems would have been offered at Thursday's meeting. Unfortunately, there seems to be greater confusion—not less—between your two agencies regarding what will actually happen to seniors in these circumstances in October and November. Commissioner Barnhart, you indicated that these seniors will indeed be subjected to a lump-sum withhold during a single check for these outstanding premiums. Dr. McClellan, you suggested that the Centers for Medicare and Medicaid Services will not direct the Social Security Administration to withhold more than three months' worth of outstanding premiums in one check. Instead, you suggested that seniors with outstanding balances of more than three months will be enrolled in direct bill and given the option to repay outstanding balances incrementally. Even a three month withhold in a single check could cause severe hardship for seniors living on fixed incomes. Given that these two responses are inconsistent, we are requesting that you provide written clarification of your agencies' plans for assisting seniors who are facing such unexpected financial commitments.

We appreciate your prompt attention to this request and ask that you respond no later than Tuesday, September 19. It is unfair to ask seniors to bear the financial burden of correcting a problem that occurred because of administrative difficulties on the part of the government. We know that you share our interest in resolving this matter quickly, and we look forward to your timely response.

Sincerely,



John D. Rockefeller IV  
Ranking Member  
Senate Finance Subcommittee on Health Care



Gordon H. Smith  
Chairman  
Senate Special Committee on Aging