

**Opening Statement of Senator Charles E. Grassley
Senate Special Committee on Aging Hearing
Tuesday, July 20, 1999**

I am pleased to chair this hearing today which will examine how MedicarePlusChoice plans manage their prescription drug benefit. I want to especially thank Senator Wyden for his role in bringing attention to this important issue. During the hearing, we will explore key questions for beneficiaries to ask about their drug benefit when choosing a MedicarePlusChoice plan.

Senator Wyden, Senator Breaux, and I asked the General Accounting Office (which I will refer to as the GAO) to prepare a report for the Senate Special Committee on Aging on how MedicarePlusChoice plans design, manage, and change their prescription drug formularies, or approved list of drugs. Also, we wanted the GAO to identify important questions beneficiaries need to ask in order to understand this complex and diverse benefit. We asked the GAO to give us information on what plans communicate to enrollees about this important benefit. The GAO report, which is being released today for public use, provides useful information to beneficiaries currently in MedicarePlusChoice, and it provides Congress with a better understanding of this benefit. This will be very important to us as we examine the issue of adding a prescription drug benefit in the Medicare program.

Millions of Medicare beneficiaries across the country have elected to join MedicarePlusChoice plans. These plans typically offer additional benefits, such as prescription drug coverage, that traditional fee-for-service Medicare does not cover. One of the primary reasons many Medicare beneficiaries choose managed care is to receive this extra benefit. Due to this fact and due to the current debate surrounding prescription drug coverage in Medicare, it is vital that seniors receive complete and accurate information about MedicarePlusChoice drug formulary changes.

Today's hearing will examine how MedicarePlusChoice plans manage their drug formularies, and what information these plans provide enrollees regarding any changes to this benefit. Often, MedicarePlusChoice plans attempt to control their prescription drug costs by switching beneficiaries from drugs they are accustomed to taking, to other drugs, which may have different side effects or clinical outcomes. If a MedicarePlusChoice plan decides that a formulary change is needed, it is important that Medicare beneficiaries receive proper notice. It is also critical that seniors understand what their options are when changes occur in order to make an informed health plan choice.

Some of the key questions the Committee will examine at the hearing are:

- 1) How often do MedicarePlusChoice plans' change their formularies?
- 2) How do MedicarePlusChoice plans decide which drug substitutions to make when managing their formularies?
- 3) How do plans inform health care providers and beneficiaries about specific substitutions, and what are some of the reasons for them?
- 4) How do the plans evaluate the implications of substitutions on the quality of care beneficiaries receive?
- 5) Should the Health Care Financing Administration (HCFA) play a role in regulating what plans send to beneficiaries regarding changes to their drug formularies?

We have a wonderful panel of witnesses who will help to answer these very important questions. I now turn to Senator Breaux for his opening remarks