

## TENTATIVE AGREEMENT

Seniors may access prescription drug coverage on a voluntary basis as part of Medicare's traditional fee-for-service benefit package, or as part of new, coordinated Medicare Advantage plans.

### Medicare Advantage

- Medicare Advantage would rely on preferred provider organizations (PPOs) and other coordinated care plans to offer integrated benefits more typical of the health benefits those in the workforce enjoy today.
- Medicare county-based coordinated care plans (today's Medicare+Choice plans) would be stabilized in a more competitive system as an option in Medicare Advantage.
- Medicare Advantage plans would offer integrated benefit packages for medical care and prescription drugs. Coverage for medical care and prescription drugs would include reasonable cost-sharing and protection against high out-of-pocket costs.
- Medicare Advantage plans would be encouraged to offer disease management services, chronic care and quality improvement programs.
- Participating PPO plans would submit bids on a national or regional basis. Plans would be available in single-state or multi-state regions designed by the Secretary. Plans would share risk for delivery of the benefit with the federal government.
- Medicare Advantage plans would operate under a more competitive system to maximize value for both seniors and taxpayers, and make it easier for plans to pass savings on to seniors in the form of lower premiums, lower cost-sharing, and improved benefits. The new program would encourage seniors to be price-conscious in choosing their Medicare Advantage plan.
- Seniors could start enrolling in Medicare Advantage in 2006.

### Traditional Fee-For-Service Medicare

- Seniors choosing to remain in traditional fee-for-service Medicare would be offered affordable prescription drug coverage on a voluntary basis. Private plans would compete to offer drug coverage at an affordable price.
- The value of the drug benefit would be equal relative to the new Medicare Advantage drug benefit. For a monthly premium, prescription drug coverage would include reasonable cost-sharing and protection against high out-of-pocket costs.
- Seniors could continue to receive additional prescription coverage from supplemental sources, such as former employers and state pharmacy assistance programs. Seniors could continue to purchase many of the same Medigap policies as they do today.
- Plans would offer drug coverage beginning in 2006.

### **Low-Income Seniors**

- **For seniors eligible for both Medicaid and Medicare ("dual eligibles"), medical and drug coverage would continue through Medicaid. The federal government would provide assistance to states to meet these individuals' needs.**
- **The Medicare program would provide drug cost assistance to other low-income seniors on a sliding scale relative to their income.**
- **This low-income assistance would begin in 2006.**

### **Medicare-Endorsed Prescription Drug Discount Card**

- **For a nominal, one-time enrollment fee, seniors would have access to a prescription drug discount card.**
- **In order to receive Medicare's endorsement, card sponsors would be required to publish discounted prices, provide reliable, easy-to-compare information, and use quality-enhancement tools such as prevention of drug interactions. Sponsors would be required to provide both retail and mail-order options.**
- **Because of group-purchasing power, plans would be able to negotiate 10 to 25 percent discounts for their members.**
- **For low-income seniors, the enrollment fee would be waived. Medicare would provide an annual subsidy of \$600 on these seniors' cards, enabling them to purchase their prescriptions with direct financial assistance. Minimal cost-sharing would be required.**
- **The discount card program would begin in 2004 and end in 2006.**

### **Beneficiary Access to Care Provisions**

- **Major provisions of Grassley Amendment to Jobs and Growth Bill included to stabilize and to secure rural health care. New spending offset by existing program changes, not reserve fund resources.**

### **Medicare Appeals, Regulatory and Contracting Improvements**

- **Regulatory relief, paperwork reduction, provider education improvements included to make Medicare a better business partner for providers. Beneficiary appeals improvements included to make Medicare a more responsive insurer for patients. Streamlined and competitive contracting system implemented to improve Medicare administration.**

### **Creation of Center for Medicare Choices**

- **A new Center for Medicare Choices, outside of CMS but inside HHS, would be authorized to oversee all of the competitive options (prescription drug plans, PPOs, and discount cards).**

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