WASHINGTON, DC - Congressman Steny H. Hoyer (D-MD) today requested that the Bush Administration extend the penalty-free enrollment period for their new, complex Medicare prescription drug plan.

In anticipation of President Bush's speech on his prescription drug plan in Maryland tomorrow, Hoyer outlined his concerns with the rapidly approaching deadline in the attached letter.

Originally designed to encourage enrollment, the May 15th deadline and subsequent penalties are looming over Medicare recipients as they struggle to make sense of the confusing new plan. In the letter, Hoyer and his colleagues requested that the Administration extend the deadline and waive the penalty until December 31, 2006.

Under the new law, Maryland seniors are facing an overwhelming array of choices: 19 different companies offering 47 different plans with monthly premiums that vary from $6.44 to $68.91, as well as a Medicare managed care option called MedicareAdvantage.

On Friday, Hoyer hosted a town hall meeting at the Richard Clark Senior Center in La Plata where bewildered seniors expressed their frustration with the new law.

"Due to the poor implementation of this program, over 20 states have declared public health emergencies and been forced to pick up the tab for tens of thousands of vulnerable seniors and people with disabilities who have been left without the medicines they desperately need," Hoyer said. "America's seniors deserve a prescription drug program that helps them get the medicine they need. Short of a new law, extending the enrollment deadline so seniors can find the right plan for them is the least the President can do."

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March 14, 2006

The President

The White House Office

1600 Pennsylvania Avenue, N.W.

Washington, D.C. 20500

Dear Mr. President:

As you know, participation in the new prescription drug program is lagging well below projections. Millions of beneficiaries are overwhelmed with plan choices and understandably confused by the fluctuating prices and formularies. Speculation that an untold number of plans may not participate next year is likely adding to the uncertainty. Yet beneficiaries who do not sign up for Part D by May 15, 2006, will pay permanently higher premiums for coverage if they ultimately enroll later. Given our shared goal of ensuring that senior citizens and people with disabilities are appropriately enrolled in Part D, we request that you direct Secretary Leavitt to extend the enrollment deadline through the end of the year, and eliminate the financial penalty during this period.

A plain reading of the statute appears to enable the Secretary to extend the initial enrollment period, declare a special enrollment period or otherwise use his authority to delay the deadline and subsequent penalty.

The penalty, which is based on the average national premium and set at one percent per month for each month that a beneficiary is not enrolled in Part D after the initial enrollment period, is applied in perpetuity. This surcharge is essentially a drug tax that is added to the regular premium for the specific plan in which the beneficiary enrolls. The program is structured such that those who miss the May 15 deadline, but enroll at the next possible opportunity for coverage starting in January 2007, will face a seven percent surcharge. Those who have not signed up by December 31, 2006, will be locked out for all of 2007 and will subsequently face a 19 percent surcharge should they enroll for 2008. Because the penalty is based on the national average, the actual premium increase could be substantially higher for beneficiaries who later enroll in less expensive plans.

While the deadline was designed to force participation and minimize selection issues, we are concerned that it could have the opposite effect. If people whose needs are minimal forego coverage this year, they may never enroll and the risk pools will be permanently, negatively affected. CBO has estimated that an additional 1.1 million beneficiaries would sign up during this year if the penalty were eliminated. In addition, they calculate that eliminating the penalty for this year would ultimately lower premiums for 10 million beneficiaries. Already, there are predictions that premiums will rise substantially next year as the number of plans decreases. Premiums will rise even more if healthier beneficiaries stay on the sidelines.

Both Democrats and Republicans have introduced legislation to delay the May 15 deadline and corresponding penalty. Such legislation is supported by a number of organizations, including the National Committee to Preserve Social Security and Medicare, TREA Senior Citizens League, Alliance for Retired Americans, American Nurses Association, Center for Medicare Advocacy, Consumers Union, Families USA, and Medicare Rights Center. Given that the Republican leadership has not scheduled any hearings, mark ups or other legislative activity on this matter, we urge you to take action.

Time is of the essence. Beneficiaries should not be permanently penalized should they be unable or unwilling to enter this confusing, complicated new program by May 15. We encourage you to announce your intention to delay both the enrollment deadline and corresponding penalty as soon as possible. However, if you believe that the Secretary does not have the authority to make these changes, we ask that you or he notify Congress immediately and work with us on a bipartisan basis to enact these important improvements in a timely manner.

Sincerely,

The Honorable Nancy Pelosi

The Honorable Steny Hoyer

The Honorable James E. Clyburn

The Honorable John B. Larson

The Honorable John D. Dingell

The Honorable Charles B. Rangel

The Honorable Pete Stark

The Honorable Henry A. Waxman

The Honorable Sherrod Brown

The Honorable Jan Schakowsky

The Honorable Stephanie Herseth

cc: Secretary of Health and Human Services Mike Leavitt

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