

The Medicare Early Access and Tax Credit Act isn't the total solution for people age 55-64 who lack access to health insurance coverage. However, if passed, it would make available health insurance options for these individuals at much less than the cost of what is available today. This is a meaningful step forward in expanding health insurance coverage to a segment of our population that is quickly losing coverage in the private sector. The Medicare Early Access and Tax Credit Act is legislation that we should be able to agree upon and to enact so that people aged 55-64 have a new, viable option for health insurance coverage.

I submit a more detailed summary of the Medicare Early Access and Tax Credit Act as follows:

MEDICARE EARLY ACCESS AND TAX CREDIT ACT

Title I: Help For People Aged 62 to 65

62-65 YEAR OLDS WITHOUT HEALTH INSURANCE MAY BUY INTO MEDICARE BY PAYING MONTHLY PREMIUMS AND REPAYING ANY EXTRA COSTS TO MEDICARE THROUGH DEFERRED PREMIUMS BETWEEN AGES 65 TO 85

Starting July, 2001, the full range of Medicare benefits (Part A & B and Medicare+Choice plans) may be bought by an individual between 62-65 who has earned enough quarters of coverage to be eligible for Medicare at age 65 and who has no health insurance under a public plan or a group plan. (The individual does not need to have exhausted any employer COBRA eligibility).

A person may continue to buy-into Medicare even if they subsequently become eligible for an employer group health plan or public plan. Individuals move into regular Medicare at age 65.

Financing: Enrollees must pay premiums. Premiums are divided into two parts:

(1) Base Premiums of about \$326 a month payable during months of enrollment between 62 to 65, which will be adjusted for inflation and will vary a little by differences in the cost of health care in various geographic regions, and

(2) Deferred Premiums which will be payable between age 65-85, and which are estimated to be about \$4 per month in 2005 for someone that participated for the full three years. The Deferred Premium will be paid like the current Part B premium, i.e., out of one's Social Security check.

Note, the Base Premium will be adjusted from year to year to reflect changing costs (and individuals will be told that number each year before they choose to enroll), but the 20 year Deferred Premium will not change from the dollar figure that the beneficiary is told when they first enroll between 62-65—they will be able to count on a specific dollar deferred payment figure.

The Base Premium equals the premium that would be necessary to cover all costs if all 62-65 year olds enrolled in the program. The Deferred Premium repays Medicare for the fact that not all will enroll, but that many sicker than average people are likely to voluntarily enroll. The Deferred Premiums ensure that the program is eventually fully financed over roughly 20 years. Savings from the anti-fraud proposals (introduced separately as HR 2229) finance the start-up of the program and protect the existing Medicare program against any loss (see Title IV).

Title II: Help For 55 to 62 Year Olds Who Lose Their Jobs

55-62 YEAR OLDS WHO ARE ELIGIBLE FOR UNEMPLOYMENT INSURANCE (AND THEIR UNINSURED SPOUSES) MAY BUY INTO MEDICARE THROUGH A PREMIUM

The full range of Medicare benefits may be bought by an individual between 55-62 who:

- (1) has earned enough quarters of coverage to be eligible for Medicare at age 65,
- (2) is eligible for unemployment insurance,
- (3) before lay-off had a year-plus of employment-based health insurance, and
- (4) because of the unemployment no longer has such coverage or eligibility for COBRA coverage.

A worker's spouse who meets the above conditions (except for UI eligibility) and is younger than 62 may also buy-in (even if younger than 55).

The worker and spouse must terminate buy-in if they become eligible for other types of insurance, but if the conditions listed above reoccur, they are eligible to buy-in again. At age 62 they must terminate and can convert to the Title I program. Non-payment of premiums is also cause for termination.

There is a single monthly premium roughly equal to \$460 that will be adjusted for inflation. It must be paid during the time of buy-in; there is no Deferred Premium. This premium is set to recover base costs plus some of the costs created by the likely enrollment of sicker than average people. The rest of the costs to Medicare are repaid by the anti-fraud provisions (see Title IV).

Title III: Help for Workers 55+ Whose Retiree Benefits are Terminated

WORKERS AGE 55+ WHOSE RETIREMENT HEALTH INSURANCE IS TERMINATED BY THEIR EMPLOYER MAY BUY INTO THEIR EMPLOYER'S HEALTH INSURANCE FOR ACTIVE WORKERS AT 125% OF THE GROUP RATE (THIS IS AN EXTENSION OF COBRA HEALTH CONTINUATION COVERAGE—NOT A MEDICARE PROGRAM)

This Title is an expansion of the COBRA health continuation benefits program. If a worker and dependents have relied on a company retiree health benefit plan, and that protection is terminated or substantially slashed during his or her retirement, but the company continues a health plan for its active workers, then the retiree may buy-into the company's group health plan at 125% of cost. They can remain in that plan, paying 125% of the premium, until they are eligible for Medicare at age 65.

Title IV: Financing

Titles I & II of the Early Access to Medicare Act are totally financed. Title III is not a Medicare or public program.

The existing Medicare program is protected by placing these programs in their own trust fund. The Medicare Trustees will monitor the program to ensure that it is self-financing and does not in any way burden the existing Medicare program.

Most of the cost is paid by the enrollees' premiums.

Payment of start up costs: While the Deferred Premiums are being collected and for any costs not covered by premiums, a package of Medicare anti-fraud, waste, and abuse provisions has been introduced as a separate bill, the Medicare Fraud and Overpayment Act of 1999. This bill provides for a number of reforms, including:

- (1) improvements in the Medicare Secondary Payment provisions,
- (2) a reduction in Medicare's reimbursement for the drug EPO used with kidney dialysis so that Medicare is not paying much

more than the dialysis centers are buying the drug for;

(3) Medicare payment for pharmaceuticals, biologicals, or parenteral nutrients on the basis of actual acquisition cost rather than the average wholesale price which is often far above the price at which the drug can really be purchased,

(4) setting quality standards for the partial hospitalization mental health benefit, so as to weed out unqualified, abusive providers, and

(5) allowing Medicare to get a volume discount by contracting with Centers of Excellence for high volumes of complex operations at hospitals which have better than average outcomes.

Title V: Tax Credits

Creates a new, federal tax credit equal to 25% of the amount paid by an individual for any of the three new programs described above.

THE FISCAL YEAR 2001 AGRICULTURE APPROPRIATIONS BILLS

HON. JAMES H. MALONEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, July 24, 2000

Mr. MALONEY of Connecticut. Mr. Speaker, my Colleagues, I rise in opposition to H.R. 4461, the fiscal year 2001 Agriculture Appropriations bill. The provisions of this bill reflect the wrong priorities. The measure's total funding is \$524 million less than it was last year. These cuts not only gravely impact the health of our children, but they also harm our environment.

Most importantly, the bill rejects funding for the Food and Drug Administration's tobacco program. Congress must give the FDA the authority to regulate tobacco. I have worked hard to protect our children from the dangers of tobacco, and I cannot support a bill that contains such an ill conceived provision.

In addition, the Agriculture Appropriations bill underfunds a number of important programs for children and families, the environment, and consumers. The Women, Infants and Children (WIC) program is cut substantially below the President's request. This essential program saves our most vulnerable children from disease and starvation by providing infants and children with nutritious food to help them thrive during critical years of development. Additionally, funding for state water quality grant programs received less than half of the requested funding level. Another underfunded program is the Food Safety Initiative, which would minimize contamination and ensure consumer food safety.

My Colleagues, it is up to us to make sure that programs that are important to the health and safety of the children and families we represent are safeguarded. The Agriculture Appropriations legislation has its priorities reversed. For that reason, I could not support H.R. 4461, the Fiscal Year 2001 Agriculture Appropriations bill in its current form.