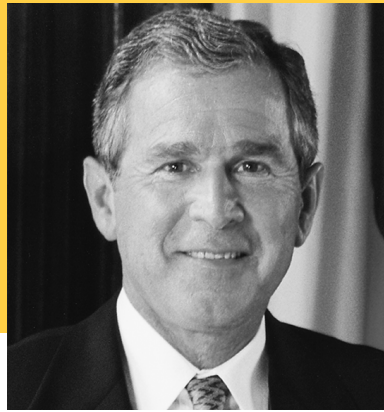


# The Facts You MUST Know Before You Vote On This Critical Senior Citizen Issue



## George W. Bush

**“I want to make sure prescription drugs are available for all seniors. And I want seniors to have additional choices when it comes to choosing their health care plans.”**

*The Presidential Debate, October 3, 2000*

### Participation in the Bush Plan

**W**hen the Bush plan begins, all current Medicare beneficiaries will have the option of participating or not participating. Future beneficiaries will make their choice when they sign up for Medicare at age 65.

Each year under the Bush plan, all Medicare beneficiaries will have the choice of switching or dropping plans. Medicare beneficiaries who at first decided not to participate in the plan will be able to join and select from among the plans offered.

The Bush plan will allow retirees to keep current plans provided by former employers. It will also allow retirees to keep supplemental and Medigap policies.

But experience shows that when government offers a benefit such as this, private alternatives usually go out of business fairly quickly.

This is called the “displacement effect.” If the “displacement effect” occurs with prescription drug coverage, Bush’s plan would still have a number of plans from which seniors may choose, including Medicare’s traditional “fee for service” program.

### Benefits Under the Bush Plan

**B**ush’s plan offers a variety of benefit plans similar to those in the Federal Employees Health Benefits Program — the program for the President, the Vice

President, Members of Congress and other federal employees.

Premiums will vary, depending on the plan chosen. But current Medicare beneficiaries who choose alternatives to the traditional “fee for service” option have plans that cost 80% - 95% of the traditional Medicare program. (About 16% of Medicare beneficiaries currently have alternatives to the “fee for service” option.)

Bush’s plan will also include a catastrophic “stop loss” provision. This provision will apply to all Medicare expenses, not just drug expenses. Participants in the Bush plan will never have to pay more than \$6,000 per year for medical expenses.

### Plan Management Under the Bush Program

**T**he Bush program calls for two separate management plans.

The first management plan is designed to provide help for seniors not covered by Medicaid. Seniors whose income is less than 135% of the poverty level will immediately receive free prescription drugs through state government programs, with the costs paid by Medicare.

The second management plan, which will be phased in by 2004, will include a variety of programs offered by private insurers and health management companies. Beneficiaries may choose from among the plans. Government standards will apply to all plans offered.

This plan is modeled on the health program available to the

President, the Vice President, Senators, Congressmen and other federal employees.

### Effective Date of the Bush Plan

**T**he Bush plan will not take full effect until 2004, but it will take immediate effect for the neediest Medicare beneficiaries who are not covered by Medicaid.

### The Bush Plan & Help For Neediest Seniors

**B**eginning immediately, the Bush plan will offer free prescription drugs to all Medicare beneficiaries whose income is below 135% of the poverty level. (Currently, all seniors below the poverty level receive free prescription drugs under the Medicaid program.)

Additionally, the Bush plan will also partially subsidize prescription drug premiums for seniors with incomes between 135% and 175% of the poverty level.

### Scope of the Bush Plan

**T**he Bush plan offers a comprehensive reform of Medicare. This Medicare reform is based on a number of bi-partisan proposals now before Congress.

It will create a new set of options for Medicare beneficiaries. The Bush plan is modeled on the Federal Employees Health Benefits Program, which is the health plan for the President, the Vice President, Senators, Congressmen and other federal employees.



## Al Gore

**“Well Jim, under my plan all seniors will get prescription drugs under Medicare.”**

*The Presidential Debate, October 3, 2000*

### Participation in the Gore Plan

**T**he Gore plan will give you a one-time opportunity to decide whether or not you want to participate in its Medicare prescription drug program.

If you are a current Medicare beneficiary, you will have to make your decision when the program begins. Future Medicare beneficiaries will have to make their decision when they reach age 64 1/2. Once you make a choice under the Gore plan, you will not be able to change it in the future.

The Gore plan will allow retirees to keep current plans provided by former employers. It will also allow retirees to keep supplemental and Medigap policies.

But experience shows that when government offers a benefit such as this, private alternatives usually go out of business fairly quickly.

This is called the “displacement effect.” If the “displacement effect” occurs with prescription drug coverage, Gore’s plan would then be the only plan available to most seniors, except those in Medicare + Choice programs.

### Benefits Under the Gore Plan

**T**he Gore plan will provide only one package of standard benefits.

When fully phased-in in 2008, the Gore plan will pay one-half of the annual drug expenses up to \$5,000, or up to \$2,500.

Premiums will be \$600 per year. This premium is in addition to Part B premiums, deductibles, co-payments and Medigap and supplemental coverage.

Under the catastrophic “stop loss” provision of the Gore plan, no beneficiary will have to pay more than \$4,000 per year for pharmaceutical expenses.

### Plan Management Under the Gore Program

**T**he Gore proposal will divide the country into regions, and all Medicare beneficiaries will be assigned to a region.

The Health Care Financing Administration, which is responsible for administering Medicare, will select one Pharmacy Benefit Manager to administer the program in each region. A Pharmacy Benefit Manager is similar to an HMO, but it will only manage the drug benefit program.

### Effective Date of the Gore Plan

**T**he Gore plan will start in 2002. It will then be phased in and fully implemented in 2008.

### The Gore Plan & Help For Neediest Seniors

**B**eginning in 2002, the Gore plan will provide free prescription drug coverage to all Medicare beneficiaries whose incomes are below 135% of the poverty level. (Currently, all seniors

below the poverty level receive free prescription drugs under the Medicaid program.)

Additionally, the Gore plan will also partially subsidize prescription drug premiums for seniors whose incomes are between 135% and 150% of the poverty level.

### Scope of the Gore Plan

**T**he Gore plan adds a prescription drug benefit to Medicare. It does not include comprehensive changes to Medicare.

**“Governor George W. Bush and Vice President Al Gore both have Prescription Drug Plans. Which one is right for you?”**

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