

## **PROTECTION OF MEDICARE AND MEDICAID**

### **ANA POSITION**

ANA maintains that the Medicare program should provide all beneficiaries with affordable access to needed medications and health care services. ANA also supports a Medicaid program that provides coverage based on federal standards that ensures access for poor and special needs populations. Furthermore, ANA maintains that any savings realized from the restructuring of Medicaid must be reinvested in the expansion of coverage and benefits.

### **BACKGROUND - MEDICARE**

America's nurses have long supported our nation's efforts to create a health care system that assures access, quality, and services at affordable costs. ANA has also historically supported the mission and philosophical underpinning of the Medicare program. We were the first health professional association to endorse the creation of Medicare in the 1960s.

In 2003, Congress passed the Medicare Prescription Drug and Modernization Act (MMA, P.L. 108-173). This law made the largest wholesale changes to the Medicare program since its inception, and created a new Medicare Part D to cover the costs of prescription drugs. Beginning in 2006, Medicare beneficiaries were offered a voluntary prescription drug benefit through private health plans. These plans include premiums and deductibles averaging roughly \$600 in 2007. The benefit maintains a large coverage gap, during which beneficiaries will receive no drug benefits, although they will continue to pay premiums. Some individuals with lower incomes will receive more generous benefits, while wealthier seniors will have to pay more for their Medicare part B premium. The MMA explicitly prohibits the government from negotiating with pharmaceutical manufacturers for lower prescription drug prices, and failed to provide access to less expensive drugs from foreign countries. This prohibition on direct prescription drug price negotiation restrains Medicare from using its market power to secure lower cost medications. Medicare plans now pay more on average for common medications than the VA and the state Medicare programs.

ANA did not support the MMA, because it contained an insufficient prescription drug benefit, one that will continue to leave beneficiaries with prohibitively high medication costs. In addition, the new law relies heavily upon the private market to deliver the meager prescription drug benefit. History shows that these private plans are incapable of meeting the needs of America's seniors and the disabled population.

### **RATIONALE**

ANA believes that all Medicare beneficiaries should have reliable and affordable access to needed medications and health care services. In evaluating and responding to Medicare prescription drug benefit proposals, ANA evaluated whether or not the benefit advances this overarching goal. ANA support was based on the following principles:

- The benefit must offer comprehensive coverage that ensures affordable access to needed prescription drugs for all Medicare beneficiaries and grants assistance with cost-sharing to lower-income beneficiaries.
- All Medicare beneficiaries must be eligible for prescription drug coverage regardless of their income or health status.

- The benefit must be based on a standard, national Medicare benefit package that covers needed drugs and biologicals.

ANA also believes related to cost containment, that Medicare and/or its contractors should be able to negotiate prices with pharmaceutical companies. CMS must begin to investigate methodologies for objectively determining appropriate drug prices under Medicare

### **BACKGROUND - MEDICAID**

Enacted in 1965 (at the same time as Medicare) Medicaid makes federal matching funds available to States for the costs they incur in paying health care providers for delivering covered services to eligible individuals. Federal law provides that a State may qualify for Federal Medicaid matching funds only if it designs its program within specific Federal requirements. These include eligibility for specific population groups, coverage for certain medical services and medical providers, and adherence to specific rules relating to payment methodologies, payment amounts, and cost-sharing for Medicaid beneficiaries.

Medicaid provides essential health care coverage for an estimated 51 million Americans. Medicaid serves the elderly, blind and persons with disabilities, pregnant women, children and the parents of many covered children. For low-income children and their parents, Medicaid pays for essential primary and preventive health care services that these families otherwise could not afford. For seniors and people with disabilities, Medicaid fills gaps in Medicare coverage by helping Medicare beneficiaries with their prescription drug costs, as well as other essential services such as hearing aids and dental care. Medicaid is also the nation's largest payer of nursing home care, and each year, Medicaid helps millions of families with the cost of home based long-term care services.

Due to the rising number of uninsured, and increases in the costs of prescription drugs and other health care, Medicaid spending has increased dramatically in the last five years. Total Medicaid spending is now greater than Medicare. Therefore, the Federal government is currently considering many options to curb Medicaid spending.

### **RATIONALE**

The ANA House of Delegates considered principles for Medicaid restructuring in 1995. ANA determined that Medicaid must continue to provide coverage based on Federal standards that ensure maximal access for low income and special needs populations, with funding allocations based on the needs of these populations. Any savings realized from the restructuring of Medicaid must be reinvested in the program. ANA also opposes the use of vouchers or Medical Savings Accounts (MSAs) as alternatives to a standard benefit program. Medicaid must maintain at least the basic set of benefits now available.

Proposed cuts to Medicaid would swell the ranks of the uninsured and threaten the viability of nursing homes, hospitals, and other needed providers. Furthermore, cuts will contribute to emergency department overcrowding, delayed diagnosis of life-threatening diseases, increased reliance on charity care, and increased expenditures for preventable health complications. Compassion and common sense should prevail. Our nation should provide basic health services to those who require them. The first step in this direction is to abandon plans to cut funding for

health care for the medically needy and indigent. Now is not the time to reduce access to needed health care services. ANA will strongly oppose large scale cuts in Medicaid.