

**Impact of Medicare Prescription Drug Conference Proposal on
California Senior Citizens:
Medicare at Risk
Too Many Senior Citizens and Disabled Persons Worse Off**

Medicare at Risk

- The Republican proposal creates Medicare pilot programs that could privatize Medicare coverage in areas with a large concentration of Health Maintenance Organizations (HMOs).

Under the pilot program, private insurance companies would be paid to coax seniors to leave Medicare and shift to private plans without a guarantee that the private plans will be cheaper or provide better benefits.

Both Contra Costa and Solano county are eligible to be guinea pigs in this Medicare privatization experiment.¹

Qualifying MSAs:

Bakersfield
LA-Long Beach-Santa Ana
Modesto
Napa
Oxnard-Thousand Oaks-Ventura
Riverside-San Bernardino-Ontario
Sacramento-Arden-Arcade-Roseville
San Diego-Carlsbad-San Marcos
CCC - San Francisco-Oakland-Fremont
San Jose-Sunnyvale-Santa Clara
Santa Rosa-Petaluma

Solano - Vallejo-Fairfield

MSAs that could qualify by 2010:

Madera
Santa Barbara-Santa Maria-Goleta
Stockton

Senior Citizens and Disabled Persons Worse Off

- 244,860 Medicare beneficiaries in California will lose their retiree health benefits.³
- 860,700 Medicaid beneficiaries in California will pay more for the prescription

- drugs they need.⁴
- 295,750 fewer seniors in California will qualify for low-income protections than under the Senate bill because of the assets test and lower qualifying income levels.⁵
 - 229,920 Medicare beneficiaries in California will pay more for Part B premiums because of income relating.⁶

(Footnotes)

¹ Calculations based on CMS HMO participation data. MSAs that currently have 25% or more HMO penetration were considered qualifying; MSAs that could qualify by 2010 based on HMOs with current penetration rates of 15% or more.

² CMS Actuary.

³ Current levels of state employer-sponsored insurance from K.Thorpe, "Potential Implications of the Medicare Prescription Drug Benefit on Retiree Health Care Benefits" September 13, 2003. Drop rate based on CBO estimates.

⁴ Calculations based on the number of dual eligibles in state, Congressional Research Service Report RL31987, July 11, 2003. California currently has a \$1 voluntary drug copayment.

⁵ Calculations based on income data from Congressional Research Service Report RL31736, June 24, 2003; CBO estimates on loss of coverage due to assets test.

⁶ Calculations based on data from Congressional Research Service Report RS21651, October 28, 2003.