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SCHAKOWSKY CONTINUES FIGHT TO ENSURE SENIORS DO NOT LOSE THEIR EMPLOYER RETIREE COVERAGE

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today said that 12 million retirees would be worse off if Congress passes H.R. 1, the Medicare prescription drug bill. That is why Schakowsky offered a motion to instruct House negotiators on H.R. 1 to guarantee that seniors do not lose their employer retiree coverage.

Schakowsky's motion called for the elimination of House-passed provisions that would establish new tax-free savings accounts (HSSAs) for medical expenses - which are a $174 billion tax cut masquerading as help to the uninsured. These funds could be better used to provide subsidies to employers to encourage them not to drop prescription drug coverage for retirees. The House, largely on a party line vote, failed to approve Schakowsky's motion.

Below is Schakowsky's Congressional Record statement during debate on her motion to instruct conferees:

I rise today to offer a motion to instruct the House conferees on H.R. 1, the Medicare Prescription Drug and Modernization Act of 2003, to strike the health savings security accounts. The $174 billion saved should be used to provide employer subsidies in order to prevent over 4 million retirees from losing their existing drug benefits.

Many of us believe that the House Medicare bill does not go far enough in providing an affordable and adequate prescription drug benefit to the 13 million senior citizens and persons with disabilities who lack coverage. There are, however, 12 million retirees who today enjoy better coverage through employer-sponsored insurance than the benefit included in H.R. 1. I suspect that very few of us would be willing to say that those 12 million retirees should lose the better coverage they have today.

In fact, one of the selling points of this bill is supposed to be that enrollment in the Medicare benefit is purely voluntary, that retirees can keep their existing coverage if they want; but, unfortunately, this is not the case. We know that from the July 22 Congressional Budget Office analysis of H.R. 1 that one in three out of those 12 million retirees would be worse off if we pass this bill. I want to repeat that. According to the CBO, one out of three of those 12 million retirees would be worse off if we pass this

Medicare bill.

It seems to me that our theme ought to be at least first do no harm; but 32 percent of retirees with employer-sponsored insurance would lose that coverage, according not just to the CBO but to studies like the one recently released by Ken Thorpe, a health policy expert now working at Emory University. He agrees with the CBO figures and has given us state-by-state figures about the impacts of H.R. 1.

According to Dr. Thorpe's analysis, 163,000 retirees in my State and in the State of the gentleman who takes the opposite view would lose their coverage and be forced to pay more for their medications if H.R. 1 passes. In every State across our great Nation, there are retirees and retiree families who would be worse off under this bill: 252,000 in Florida; 45,000 in Iowa; 218,000 in Michigan; 55,000 in Louisiana, and on and on the litany of retirees who would do worse under this Medicare bill.

The devastating impact this bill would have on these 12 million retirees and their families is probably unintended. Many of my colleagues may not have known about this problem when H.R. 1 passed this body by a single vote; but now we know about those impacts, and it is up to us to fix this problem.

Again, it may have been unintentional, but we now know that this bill includes perverse incentives that actually encourage employers to drop coverage and that penalize employers that have done the right thing, those employers who are struggling to pay for drug benefits for retirees and who want to continue to meet their commitment.

We have heard about this problem not just from groups like the AARP and the AFL-CIO, the National Committee to Preserve Social Security and Medicare , and Consumers Union, the National Breast Cancer Coalition and the American Foundation for the Blind. The analysis is coming from the Congressional Budget Office and the Heritage Foundation.

These concerns are, as my colleagues know, echoed by individual retirees across the country. Many of us have held town meetings on Medicare, have talked with senior groups and heard from individual retirees. Again and again, we hear concern that H.R. 1 will take away the benefits that they worked so very, very hard to earn.

As Francis Meehling, age 76, told a New York Times reporter, "Congress says the new benefits are voluntary, but many people would lose the coverage they have." Once a retiree loses his or her coverage, the choice to enroll in an inadequate Medicare drug plan is no longer voluntary because there is no other option available. Let us be very clear. Unless we fix this problem, we will have taken away choice from 4 million retirees and their families.

My motion to instruct conferees is a way to find the resources necessary to provide the financial incentives to solve this problem. Because we are faced with a $400 billion cap on Medicare spending, which is imposed by the other side of the aisle, we have few

choices. We can find the money by reducing the already meager Medicare benefit, we can cut Medicare payments to hospitals and doctors, or we could use the money going for health savings accounts, $174 billion, so that 4 million retirees do not lose their current benefits.

I have lots of concerns with the health savings accounts themselves because few of the uninsured have incomes high enough to take advantage of the health savings accounts, and I do not believe they will meet their purported goal of providing coverage to the uninsured. At a time when States are struggling financially, the Center on Budget and Policy Priorities says savings accounts will drain $20 billion to $30 billion from State treasuries.

It is really not my point today to argue that point. I urge even my colleagues who support savings accounts to support this motion. We have limited choices about where to get the money to prevent 4 million retirees from losing their coverage; and again, I am sure that none of my colleagues want a single one of their constituents to be worse off because of passage of this bill.

The example of the catastrophic health care bill of 1989 continues to loom over us, and I have issued a friendly warning about it in the past. That is the time when the angry senior citizens charged the then-chairman of the House Committee on Ways and Means and surrounded his car and demanded that that bill be repealed. In recent weeks, I have heard from so-called experts that this bill will not result in a rerun of major grass roots opposition created by the catastrophic bill because they say this is a voluntary bill and no one will be worse off because this Medicare drug benefit is not mandatory but voluntary; but that is really not true because I caution my colleagues to listen again to the words of senior citizen Francis Meehling who says, "Congress says the new benefits are voluntary but many people would lose the coverage they have."