

NOTE FROM THE CHAIRMAN

TO: Interested Parties
FROM: DCCC Chairman Robert T. Matsui
RE: The Politics of Medicare
DATE: 25 November 2003

"A lot of our folks, the hard-right guys, are not for Medicare."
-Speaker Dennis Hastert, Washington Post, 11/23/02

The Republican Medicare bill that was rammed through the House early Saturday morning reflects their total disdain for the Medicare program. The bill undermines the future of Medicare and lards favors upon the special interests while doing little to help seniors afford the prescription medicines they need. But the politics of Medicare may be even worse for the Republicans than the policy.

The fact is that Democrats maintain strong credibility with public on Medicare issues and a debate centered on the outrageous cost of prescription drugs and the future of the Medicare program is a fight that occurs on our turf. Republicans are badly mistaken if they think that by ramming through a bad Medicare bill they've had the last word on this issue. Indeed, rather than taking the prescription drugs issue off the table, the GOP Medicare bill will put it front and center for the 2004 campaign.

Democrats look forward to informing every senior exactly how Republicans have put millions of retirees' coverage at risk, how limited the Medicare benefits are, how they've voted to prohibit Medicare from lowering the price of their medicine and to dismantle the program in the future.

When Seniors Learn About the GOP Medicare Bill They Strongly Oppose It
Polls taken last week for two politically opposite organizations had very similar findings. In both the AFL-CIO and Club for Growth's surveys, when told the details of the Republican Medicare bill, only 19 percent of seniors supported the bill while overwhelming majorities opposed it. [Hart Research poll for AFL-CIO, 11/17-18; Basswood Research poll for Club for Growth, 11/18]

Democrats Have Credibility on Medicare, Republicans Don't
Democrats have strong credibility on Medicare and seniors simply aren't going to trust Tom DeLay and the Republicans on the issue any time soon. In fact, the shortcomings of the GOP plan will reinforce our traditional advantage on the issue.

One of the most significant findings in the recent polling is that when AARP members learn that congressional Democrats oppose this bill their confidence in the Medicare plan drops significantly - 48% say Democrats' opposition makes them feel less confident, while just 20% feel more confident. [AFL-CIO poll] And another recent poll showed the public strongly trusts Democrats over President Bush to lower the cost of prescription

drugs (52-39%) - a margin that would likely be even higher versus congressional Republicans. [ABC News/Washington Post, 10/26-10/29]

These findings underscore the fact that Medicare is a Democratic issue and we will benefit from an honest debate about drug prices and the future of the program. And it doesn't hurt that GOP leaders continually state their intention to dismantle the Medicare program.

"To those who say that [the bill] would end Medicare as we know it, our answer is: We certainly hope so." -Ways & Means Chairman Bill Thomas (R-CA) [MSNBC, 6/25/03]

"I believe the standard benefit, the traditional Medicare program, has to be phased out." GOP Conference Chair Sen. Rick Santorum (R-PA) [New York Times, 5/21/03]

Potent Issues for Democrats

Republican candidates from President Bush on down are certain to tout their support for the Medicare bill in the 2004 campaign and Democrats welcome the opportunity to have that debate.

In reality, not a single senior will have drug coverage through Medicare next year and when the meager benefit does come, it won't be until 2006. Seniors will have nothing but a drug discount card which will be of limited benefit while prescription drug prices continue to skyrocket. And when the benefit does go into effect, medicine will remain outrageously expensive.

Republican RX Bill Dismantles Medicare: There is strong opposition to the Republican plan's subsidies to private insurers that will force millions of seniors to join HMOs to keep their doctors. Sixty five percent of seniors have an unfavorable view of this step toward dismantling Medicare. [AFL-CIO poll]

Additionally, in the initial House GOP drug bill virtually every vulnerable Republican voted to expand the "premium support" scheme beyond the test markets to cover the entire Medicare program. This remains a very relevant issue since there are certain to be Republican efforts to expand the "premium support" scheme in the future.

Almost 3 Million Seniors will Lose their RX Coverage: A study released last week indicates that the Republican plan's inadequate subsidies will cause 2.7 million retirees to lose their coverage. This is a very potent issue for Democrats. Seventy-eight percent of seniors say the Republican plan fails to do enough to protect retirees' employer-provided coverage [AFL-CIO poll].

Huge Gap in Coverage: Seniors will be very worried about losing their coverage because the Medicare benefit is inadequate compared to their current benefits - 79 percent of seniors disapprove of the fact that about half of seniors may face higher drug costs under

the GOP plan [Club for Growth poll]. Under the plan, seniors will pay over half of drug costs even before they enter the \$2800 "donut hole."

The Republican Bill Provides No Relief From Skyrocketing Prices: Seniors' top concern has consistently been the outrageous price of their medicine. But the Republican Medicare plan provides absolutely no prescription price relief for seniors. In fact, the Republican proponents of this plan are now on the record voting to prevent Medicare from lowering drug prices. It was no coincidence that the stock prices of the biggest drug companies shot up after this bill was released last week. Seniors will be outraged when they learn this bill does nothing to lower the price of their medicines.

Conclusion

The Republican Medicare bill presents tremendous opportunities for Democratic candidates in 2004. We'll make sure seniors understand that its limited benefits are a Trojan Horse for giveaways to HMOs and drug companies that will keep their drug costs high and threaten Medicare. Just as Medicare catastrophic coverage became a milestone for its proponents in 1989, so too will this awful plan. Unfortunately for Republicans, they won't be able to undo the mistakes they've made on Medicare any time soon.

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