



JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

Testimony of Governor Jim Doyle
Hearing on SeniorCare
United States Senate Special Committee on Aging
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Let me begin by thanking Chairman Kohl for holding this important hearing. Wisconsin couldn't ask for a stronger advocate in Washington than our senior Senator, and I know Wisconsin's seniors are grateful for everything you're doing to protect this program.

Since 2002, Wisconsin has been a national model for providing affordable, comprehensive drug coverage to older citizens through the SeniorCare program. It has proven popular, efficient, and cost-effective. In fact, when the federal government started offering its own coverage through Medicare, SeniorCare's enrollment didn't go down ... it went up. Today, more than 105,000 seniors trust and rely on this program for lifesaving medicine at prices they can afford.

SeniorCare operates under a waiver from the federal government that is expiring soon. Last year, Secretary Leavitt and I worked out an agreement that allowed SeniorCare to continue to continue past January 1st of 2006. But without additional action from the Bush Administration, the waiver will end on June 30th, and 105,000 of our citizens will lose their coverage. Most of them will be forced into the Medicare Part D program, where they'll face higher payments, more complicated bureaucracy, and of course, the donut hole.

Everyone in Wisconsin agrees that SeniorCare is a very effective program. Throughout the past year, as our seniors had to choose between SeniorCare and Medicare Part D, they overwhelmingly chose SeniorCare. During that time, SeniorCare enrollment increased over 26 percent. And no wonder -- an AARP study found that 94% of SeniorCare participants are better served under SeniorCare than they would be under Medicare Part D. I talk to seniors all over the state who love their coverage, and don't know what they'll do if it's taken away.

The argument for continuing SeniorCare is clear:

- While the Medicare drug plan tends to be complex and bureaucratic, SeniorCare is simple to administer and easy for people to navigate.
- While the Medicare plan is expensive and comes with a donuthole, SeniorCare has no gaps in coverage, and much lower out of pocket costs.

- While the Medicare plan makes it illegal for the federal government to negotiate lower prices, in Wisconsin we use our buying power to get big discounts on the most commonly prescribed drugs.
- Because of the low administrative costs – and the discounts we negotiate – the program is not only affordable for seniors, but it saves taxpayers money.

That fact is at the heart of our request for an extended waiver. Both seniors and the federal government will spend more by ending SeniorCare than by extending it.

In state fiscal year 2006 alone, SeniorCare reduced drug costs for Wisconsin seniors by almost \$200 million.

Of the \$253 million in drug costs billed to the SeniorCare program in State Fiscal Year 2006, the federal government paid only \$46 million -- or about 18% of total drug costs -- after the rebates from drug companies are taken into account. In fact, the average annual federal subsidy for a SeniorCare waiver participant is \$617. The federal government pays almost twice as much under Medicare – nearly \$1200 per senior.

The SeniorCare waiver has consistently achieved budget neutrality, which is a requirement for these waivers. Our most recent analysis shows that the program saved \$669 million in Medicaid funding through the fourth year of the waiver. These savings are the direct result of reduced Medicaid costs for health care services because seniors with SeniorCare prescription drug coverage have stayed healthier longer.

We are projecting that the savings to Medicaid will continue to be significant under the proposed waiver extension for state fiscal years 2008 through 2010. As shown in our waiver application, there are projected savings of \$697 million to the Medicaid program alone during the waiver extension period. These savings include \$404 million in reduced federal expenditures.

Last June, I asked the federal government to consider continuing the waiver, and in October, we submitted our formal application for a three year extension. To date, the state has only received a brief letter from the Department acknowledging receipt of the waiver extension application.

I hope today's hearing can shine the spotlight on this urgent issue, and help persuade Secretary Leavitt and Centers for Medicare & Medicaid Services to extend SeniorCare. With their approval, we will continue to receive federal funding for the program. Without their approval, we would lose our federal match and this extremely successful and popular program would cease to exist.

Again, I want to thank you, Mr. Chairman, for your tireless support of SeniorCare, and for giving our citizens a strong voice in Washington. I look forward to continuing to work with you – and other members of our congressional delegation – to make sure that seniors in our state can continue to get affordable, comprehensive drug coverage.