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United States Senate

CHARLES E. GRASSLEY
WASHINGTON, DC 20510-1501

July 28, 2003

Reply To:

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307 Federal Building
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Mr. Van G. Miller
CEO
Van G. Miller & Associates
1111 West San Marnan Drive
Post Office Box 2817
Waterloo, Iowa 50704

Dear Mr. Miller:

Thank you for taking the time to contact me regarding Medicare. It's always good to hear from people back home and I apologize for the delay in my response.

I appreciate knowing of your concerns regarding competitive bidding in the Medicare program. For many years, Members of Congress from both sides of the aisle have advanced proposals that would inject competition into the Medicare program.

one area that has long been a target of competitive reform is durable medical equipment (DME). Current payment policy for DME is set in Washington; coverage policy is set at the regional level by private insurance companies that administer Medicare's benefits. In general, the government sets the price, and little competition exists between companies that provide such equipment.

You will be happy to know, however, that S.1, the Senate passed Prescription Drug and Medicare Improvement Act of 2003, includes a provision that is an alternative to competitive bidding for DME. This alternative freezes updates in DME for seven years. I believe that this approach is more stable and secure for Medicare patients compared to the provisions passed by the House of Representatives.

Moreover, I believe that any competitive approach to paying for DME should ensure that small and rural providers and suppliers can continue to stay in business, and that seniors who live in frontier and rural communities can continue to access the items

Committee Assignments:

Chairman.
FINANCE

AGRICULTURE
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JUDICIARY

Chairman.
INTERNATIONAL NARCOTICS
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and services they rely on today.

Please know that I will keep the concerns of all Iowans in mind as we enter into negotiations to iron out the differences between the House and Senate bills.

Again, thank you for contacting me. I appreciate hearing your views and urge you to keep in touch.

Sincerely,

A handwritten signature in cursive script that reads "Chuck".

Charles E. Grassley
United States Senator

CEG/mz