

United States Senate

WASHINGTON, D.C. 20510

June 1, 1984

Dear Friend:

I would like to take this opportunity to share with you information about legislation I will soon introduce to extend the Medicare program to protect elderly men and women from the financial threat of a prolonged illness.

My legislation, the Health Care Catastrophic Loss Prevention Act, is intended to ease the financial burden on those who suffer a catastrophic illness. Because it is self-financing, it will not strain the already overburdened federal treasury.

As you probably know, the out-of-pocket health costs that Medicare beneficiaries must pay soar as the length of hospitalization increases. Medicare, under current law, only pays for 75% of hospitalization costs from day 61 to 90, 50% during the 60-day reserve period, and nothing thereafter.

In addition, Medicare part "B", which partially covers a physician's services, only reimburses 80% of what is considered to be a reasonable charge, an amount that less than half of all doctors will accept as full payment.

Although private insurance can close some of the gaps in Medicare, the threat of financial ruin is obviously a very real one for the thousands of older Americans who cannot afford or are unable to obtain private coverage.

My proposal requires the Medicare program to cover hospitalization except for a maximum of two deductibles per year. This added coverage will be financed with a monthly premium of approximately \$3.75 per Medicare enrollee which would automatically be deducted from the Social Security check, much like the current program.

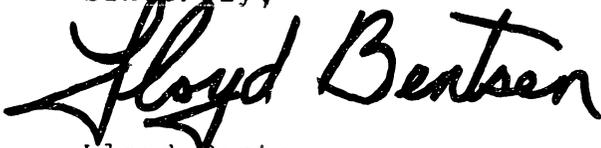
The bill permits participants to purchase insurance to cover the 20% of doctor's charges which are not now paid. Coverage of physician services would be optional, and would require an added premium of about \$16 per month for this protection. By purchasing insurance through the Medicare program, the average older Texan who has supplemental private insurance would save over \$200 a year.

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I believe that this measure will better protect the elderly from the financial ruin that a prolonged illness can bring. Because Medicare participants will share in the cost, individual premiums will remain low. Although it will be difficult to secure approval of the proposal during this abbreviated session of the Congress, you can be assured that I will do all I can to prevent the loss of older Americans' life savings from a single, catastrophic illness. I certainly hope that you will join me in supporting this measure.

Sincerely,



Lloyd Bentsen

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