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HENSARLING: The Medicare veto

Shortchanging minorities
Job Hensarling
Wednesday, July 16, 2008

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OP-ED:
Over the last several weeks, I have heard from physicians rightly concerned that lawmakers had yet to pass legislation repealing a scheduled 10.6 percent reduction in their Medicare reimbursement rates. No doubt Congress should and will act soon, to preserve seniors' access to physician care. This is critical for doctors, specifically primary care physicians, whom already face tremendously difficult challenges. But behind the scenes of the physician reimbursement debate lies an interesting paradox in the way Congressional Democrats protect wealthy seniors, while exposing large numbers of low-income beneficiaries whom the legislation purports to

protect. Nestled into the sprawling 278-page bill the House passed with limited debate are provisions that would expand eligibility for subsidy programs that aid low-income beneficiaries with Part B premium payments, deductibles, and co-insurance. Coupled with several proposals designed to increase outreach to low-income populations, the changes would cost hardworking Americans \$7 billion over the next ten years.

Of course, budgetary rules require Congressional Democrats to pay for this expansion of the Medicare benefit. By listening to Senator Obama, you might assume that the likeliest culprit would be yet another tax on the wealthy. But that is far from it. The expanded subsidies for low-income individuals - as well as the physician reimbursement provisions and other related Medicare provisions - are paid for by cuts to Medicare Advantage plans that provide coverage to millions of seniors.

The paradox arrives in the discovery that Medicare Advantage plans disproportionately serve low-income and minority populations. Nearly half of all Medicare Advantage beneficiaries had incomes under \$20,000; for Hispanic and African-American populations, that number rises to 70 percent. While policy-makers argue about "overpayments" to Medicare Advantage plans, many low-income seniors have come to appreciate - and rely on - the lower costs and increased benefits that these plans have provided. But as a result of the House-passed legislation, over 2 million seniors, including 1.8 million in private fee-for-service plans popular in rural areas with limited physician access, will lose their Medicare Advantage coverage.

To sum up: Congressional Democrats are cutting benefits for some low-income seniors - in order to extend benefits to other low-income seniors. All the while, proposals to increase Part D premiums for the wealthiest Medicare beneficiaries - think George Soros and Warren Buffett - languish in legislative purgatory. There is a Machiavellian logic to Democrats' apparent lack of appetite for Medicare means-testing. If wealthier individuals become less dependent on the welfare state for their health benefits in retirement, political support for the popular program may wane. But when President Bush proposed to extend current means-testing of Part B premiums to the prescription drug plan as one way to alleviate Medicare's funding woes, The New York Times considered this element of the President's plan a "reasonable" proposal. If President Bush and the editorial board of The New York Times can both see the merits of this concept, there is little reason why Congress, in its infinite wisdom, should not see fit to include it in the Medicare bill.

Instead, the legislative product being considered constitutes, at best, an attempt at behavioral modification - forcing low-income beneficiaries away from plans run by "greedy" insurance companies - and at worst a perverse experiment in social Darwinism, pitting one group of vulnerable seniors against another in a competition for Medicare dollars. All this so Warren Buffett can avoid having his estimated \$60 billion fortune decimated by paying an extra \$2 per day for prescription drug coverage.

In March, the Medicare trustees issued their annual report, which noted that Medicare faces \$86 trillion - yes, trillion - in unfunded obligations. The two best ways to stem this looming tide of debt are increased competition among private Medicare Advantage plans and proposals utilizing means-testing to dedicate scarce health care resources to the seniors who need them most. Yet the House bill undermines the former, while ignoring the latter.

While introducing Medicare legislation very similar to the bill the House passed, Senate Finance Committee Chairman Max Baucus decried efforts to "protect private insurance plans" that would "leave low-income beneficiaries behind," arguing that his "balanced legislation" will prevent the latter while discouraging the former. I agree with Senator Baucus that his legislation is indeed balanced - it would ensure that a senior with \$20,000 in income will continue to pay as much for prescription drugs as Ross Perot (or Senator Baucus himself). But in their ideological quest to undermine private insurance plans, Congressional Democrats are indeed leaving millions of beneficiaries on Medicare Advantage plans, many of them low-income, behind. Speaker Nancy Pelosi and House Democrats - Cutting coverage for beneficiaries while protecting billionaires.

Rep. Job Hensarling is chairman of the Republican Study Committee.

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Rodney Lankey Jr. / The Washington Times.

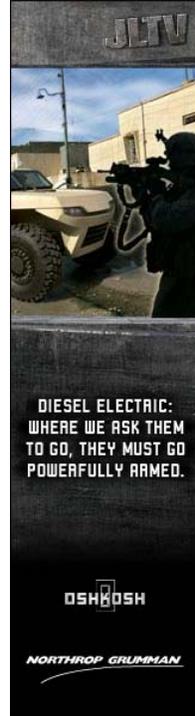
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LEAVITT: The Medicare veto

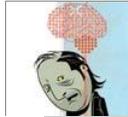
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