

Medicare rewrite is not a cure-all

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Sometimes, says Dr. Robert Kottman, the choice is between medicine and food.

Kottman recalls a recent Medicare patient wheeled into his emergency room suffering from out-of-control high blood pressure and diabetes.

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Together, the drugs would have cost her \$133 a month. Between that and other bills, it would leave her only \$15. So she had made a painful choice: skipping the medicines or putting food on the table.

The complex Medicare reform package recently signed into law by President Bush is expected to help many impoverished South Texans such as Kottman's patient. But some say the \$400 billion, 10-year Medicare reform bill doesn't go far enough.

Those seniors who have the most trouble making ends meet may benefit the most, with added drug subsidies for the poor and new preventive medicine benefits. Those with higher incomes and large drug bills will benefit less.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 is described as the most sweeping change to Medicare since its founding in 1965. The program covers 41 million people.

In Bexar County, 166,907 people are covered by the program — 142,125 of them 65 or older and another 24,782 considered disabled.

Politically, passage of the bill is a boon for President Bush and Republicans in Congress, who snatched away a domestic issue Democrats had championed for decades.

Bush signed the bill to great fanfare, and has taken the stump to hail the prescription drug benefit as a salve for seniors facing rising costs in health care.

"Some said Medicare reform can never be done," Bush said at a Las Vegas hospital. "For the sake of our seniors, we got something done."

Republicans hope the achievement will give them an advantage with elderly voters, who traditionally form a strong voting bloc at the polls.

Democrats, meanwhile, are trying to win back the issue, calling the reform bill a sellout to pharmaceutical companies and health care providers.

Judith Stein, executive director of the Center for Medicare Advocacy, said: "Those of us who advocate for Medicare beneficiaries regret the system created by this law, which will soon lead to a fragmented and privatized program in return for a meager drug benefit."

For the first two years of the plan, until the main drug benefit kicks in, seniors will be able to purchase drug discount cards offered by private companies.

Beginning in 2006, seniors enrolled in standard Medicare can sign up for a privately managed drug plan — although it takes some math skills to figure out what costs are covered.

The plan, after a \$250 deductible, will cover 75 percent of drug costs up to \$2,250. After that, coverage vanishes — beneficiaries pay 100 percent of charges until the grand total reaches \$5,100.

Ring up drug bills over \$5,100, and a catastrophic drug benefit kicks in, covering most costs over that amount for the year.

Seniors earning less than 150 percent of the federal poverty level, or about \$12,124 a year, will have additional coverage in that \$2,250 to \$5,100 gap. They'll be responsible only for small co-payments with each prescription.

Senior citizens can enroll in private managed health care plans that are paid for by Medicare. These Medicare Advantage plans will be HMOs or the less-restrictive preferred provider organization model. Those plans replace existing Medicare+Choice plans such as those now operated by PacifiCare's Secure Horizons and Humana, and will have their own drug benefit formulas.

The reforms allow for tax-free health savings accounts and subsidies for retiree health plans sponsored by employers.

The savings accounts are designed for people who buy high-deductible health plans, and allow employees to save up to \$2,600 a year, or \$5,150 per family, to pay the difference.

Those in the health care industry have mixed feelings about the provisions of the act.

Doctors — for the most part — like the changes because they dodged a planned 4.5 percent cut in Medicare payments. Instead, they'll get a 1.5 percent increase in payments for each of the next two years.

What's more, Medicare will begin paying for "Welcome to Medicare" physicals and health screenings such as electrocardiograms for new enrollees. And every two years, Medicare will foot the bill for diabetes and cardiovascular screenings worth about \$148, said Kottman, who reviewed the act for the Bexar County Medical Society.

There are bonus reimbursement payments for doctors who see Medicare patients in rural and medically under-served areas.

"This is going to be a big help for places like Ozona and Sonora," Kottman said.

Hospitals get a mixed bag of goodies and lumps of coal out of the measure. For urban hospitals, rates will be ratcheted up for a few years and get a little bump to account for labor costs. But then the rates are frozen until 2010.

Emergency services for undocumented immigrants will get a boost with \$250 million a year from 2005 through 2008 to help cover costs

Kenneth Kolb, chief financial officer for Christus Santa Rosa Health Care Corp., said there is some improvement on the reimbursement for inpatients, and smaller hospitals in rural areas are getting a better deal. Rural hospitals will get about \$25 billion more over the next 10 years.

According to the Texas Medical Association, Medicare beneficiaries make up more than half of a doctor's practice in rural areas.

"I view it generally as positive," Kolb said.

In order to give acute-care hospitals a break from even more competition, the new law puts a moratorium on the building of new specialty hospitals unless they were substantially under construction when the law passed. Specialty hospitals often take the least complicated cases, leaving the toughest cases and sickest patients to acute-care hospitals. That often results in a loss from treating Medicare patients.

Pharmacists, particularly independent stores, decry the reforms as detrimental because some seniors will be confused when they get varying charges for their prescriptions throughout the year.

They fear they will be cut out of getting a piece of the Medicare business as the government gives contracts to pharmacy benefits management organizations, or PBMs. As a middleman, the PBMs are more likely to guide business to mail order drug firms and large chain pharmacies, said Texas Pharmacy Association spokesman David Gonzales.

And the home health care industry, a fast-growing segment in the past decade as more medical care is delivered outside the hospital, was not treated well in the reforms.

Heather Vasek, director of public policy and regulatory affairs for the Texas Association of Home Care, said the average payment for 60 days of home health will be about \$17 lower than what was expected.

There was a proposed co-payment for each visit by a home health nurse or aide, but it was removed from the Senate version of the bill — a victory for seniors and the home health industry, Vasek said.

Over the past three years, Democrats pushed Medicare reform in Congress, only to see it thwarted by Republican leaders who controlled the House and Senate.

But pharmaceutical and health products companies have increased their contributions to Republicans during that time, according to the Center for Responsive Politics, an independent research group that tracks money in the political process.

In 2000, the health products industry dumped \$18.3 million into Republican campaign coffers and \$8.2 million into Democratic accounts — a 69 percent to 31 percent split.

Republicans received \$21.7 million in pharmaceutical donations in 2002, compared to \$7.6 million for Democrats, according to CRP analysis.

Democrats charge Republicans with shifting prescription drug funds from seniors to lavish it instead on drug companies and HMOs.

Senate Minority Leader Tom Daschle, D-S.D., said Congress must return to fix the damage and "Democrats intend to lead that fight."

In the short run, Democrats already have lost the battle, said Larry Sabato, director of the University of Virginia Center on Politics.

"Republicans can boast that they accomplished what Democratic presidents and Democratic Congresses never did," Sabato said.

Republicans hope to increase their razor-thin majority in the Senate, and Medicare reform could be a boon to GOP candidates running for four open positions previously held by Democrats in the Southern states of Florida, Georgia, South Carolina and North Carolina.

In the House, Republicans hope to build on their slim margin. They hold a 229-205 advantage, with one independent.

Despite opposition to the Medicare reform bill by conservative watchdog groups like Americans for Tax Reform, House Majority Leader Tom DeLay, R-Sugar Land, called the legislation a win for the GOP.

If the \$400 billion Medicare reform package soars in cost to a trillion dollars or more, Republicans could see a backlash from conservatives and seniors.

"In the long run it may backfire — if seniors don't like it or it causes the national debt to balloon, which is very possible," Sabato said.

"But in the short run, which is all President Bush really cares about, because it is his last election, it is a plus," Sabato said.

Medicare reform, and particularly a prescription drug plan for seniors, emerged as an issue in the 2000 presidential race — when national opinion polls showed more Americans believed Democrats were best able to deliver the health care benefit.

Bush and then-Vice President Al Gore tangled on the issue in their first debate — with Bush accusing Gore of using "Mediscare" to frighten elderly voters.

Signing the Medicare reform bill with a prescription drug benefit will be a linchpin to Bush's re-election campaign — delivering on a key campaign promise that Democrats could not deliver.

Bush has campaigned on the Medicare bill in Nevada, Phoenix and the Washington area, where he signed the legislation on Dec. 8.

Democrats running for president are trying to wrestle back the health care issue.

Sen. John Kerry, D-Mass., one of nine candidates for the Democratic presidential nomination, has launched new television ads in Iowa that promise quality, affordable health care for "all" Americans.

"John Kerry is fighting for Americans who can't afford their health care because George Bush has put lobbyists ahead of our families," said Stephanie Cutter, a Kerry spokeswoman.

In New Hampshire, Rep. Dick Gephardt, D-Mo., addresses Medicare reform at every campaign event — accusing Republicans of trying to privatize a system that is one of the greatest legacies of the Democratic Party.

"It is not a debate that we will shy from," said Kathy Roeder, a Gephardt spokeswoman.

During a New Hampshire forum last month, every Democratic candidate announced

opposition to the Medicare reform bill passed by Congress, "and they were wildly applauded," Roeder said.

"Seniors do not trust President Bush," she said.

Despite the controversial drug plan and privatization aspects of the measure, the increase in pay for doctors has made them happy enough that seniors need not fear that physicians will make good on threats to stop taking new Medicare patients.

Texas Association of Home Care's Vasek said she sees irony in the compromises.

"If they put the prescription drug plan in place and didn't deal with the cut for doctors, there wouldn't be anyone to write the prescriptions," she said.

But as pleased as he is with the reform, San Antonio emergency room physician Kottman said he is concerned about the larger issue of government spending.

"As a taxpayer, federal programs just seem to grow and grow," Kottman said of the drug benefits and other Medicare spending. "It's going to do some good for a lot of people. The bad thing is that it is going to increase the deficit."

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