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Consumer Advocates: Seniors May Face Higher Deductibles

By Emily Heil

The highlight of the Medicare bills that passed both the House and Senate last week is a new prescription drug benefit meant to save seniors money, but both versions of the legislation also include some less-heralded increases in other beneficiary payments. Provisions tucked away in both bills calling for new co-payments and higher deductibles may lead to a cost increase for seniors, said consumer advocates. Although a long House-Senate conference lies ahead for the bills in which any of those elements could change or be thrown out, both bills increase Medicare Part B deductibles, or the payments beneficiaries make for hospital care. The Senate's version raises the deductible from \$100 to \$125 in 2005 and then allows that price to rise with inflation. And the House bill combines the deductible for Part A (physician care) and Part B (hospital services) under enhanced fee-for-service Medicare, meaning all seniors will pay a higher deductible, even if they do not visit a hospital. Only about 15 percent of Medicare beneficiaries visit a hospital in a given year, according to the Centers for Medicare and Medicaid Services.

The House's combined deductible may represent a savings for those who visit the hospital, but it also means that most seniors will see their deductibles rise, said Vicki Gottlich, an attorney for the Center for Medicare Advocacy. "I've started to hear from people saying, 'This is not really going to help me,'" Gottlich said. Backers, however, said the bills would lower the cost of care by providing drugs that would allow seniors to stave off hospital visits or the development of expensive conditions.

The House bill also introduces a new co-payment for home health care. Under the current Medicare system, those services are included. Gottlich said the new co-payments hit a vulnerable group the hardest -- CMS data shows that those getting home health services are predominantly frail, low-income women. And in the Senate bill, a new lab services co-insurance requirement means that Medicare beneficiaries will have to kick in a portion of the costs of lab and diagnostic tests for the first time.

The Senate bill also freezes Medicare payments for durable medical equipment -- including items such as wheelchairs and oxygen tanks -- a move that was intended to correct overpayments, staffers have said. But those reductions could be passed on to beneficiaries, consumer groups worry. Taken together, these increases could ultimately negate the savings that the new prescription drug benefit offers, Gottlich said.

"Some people might find that the benefits they thought they were getting aren't there," she said. "The higher Part B premiums alone are a trade-off."