

Medicare Misery

Source: <http://sci.tech-archive.net/Archive/sci.med.diseases.hepatitis/2006-01/msg00014.html>

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 - *Date:* Wed, 4 Jan 2006 09:24 +0000 (GMT Standard Time)
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The new Medicare bill is about to kick in, and what it offers to seniors isn't pretty.

By Robert Kuttner

The New Year brings with it Congressional mid-term elections. Here is an issue that should be a real political gift to the opposition party ? the colossal Medicare drug-benefit mess.

It was clear back in 2003, when the Bush administration rammed this bill through the Republican Congress, that the purpose was not to devise an affordable prescription drug program for seniors. Rather the administration wanted to help two friendly industries, the pharmaceutical companies and the HMO's; and to get bragging rights for the 2004 election that Bush had helped seniors. Few voters would grasp just how bad the law was, since its effective date was deliberately put off until 2006.

Now, as the year of reckoning arrives, the true cynicism of Bush's program is becoming evident to each senior citizen (or adult child of senior citizen) who attempts to fathom what Bush and the industry lobbyists wrought.

For starters, coverage is woefully inadequate. You pay a \$250 deductible and then a 25 percent co-pay on the first \$2,250 of drug benefits each year, plus roughly another \$450 a year in premiums. So if your prescriptions cost \$2,250 a year, or about \$190 a month, for prescriptions, you pay \$1,200 a year all told and the plan pays just \$1050.

That's pretty shabby. But then, the truly bizarre feature of the plan kicks in. Coverage simply disappears, until you have spent nearly \$3,100 out of pocket. This is the infamous "hole in the donut." Coverage kicks in again only after a total of \$5,100 in prescription costs.

A great many seniors will never get the coverage because the plan is a bad bargain, and they just won't sign up. Of if they do sign up, they will run out of the ability to pay enough out of pocket before qualifying for needed benefits. Even with these disgracefully skimpy benefits, the plan is expected to add over half a trillion to the federal budget over the next decade.

Why would anyone have designed such an insane program?

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Because the political purpose was never to deliver good benefits. One administration goal, running the program through the private insurance industry, conflicted with the imperative of a clear, cost-effective plan. Seniors must evaluate innumerable competing private plans, each with subtle differences in costs and benefits that make an impenetrable program even less fathomable, and raise total costs because each of these private plans tacks on a profit. This was a case of privatizing something done far more efficiently through a direct government program.

The second administration goal, fattening the drug industry, led to a provision explicitly prohibiting the government from negotiating bulk price discounts from drug companies, as the Veterans hospitals do. As a result, according to a study by Families USA, drug prices obtained by the VA are about 48 percent less on average than those expected to be charged to people enrolled in the Medicare drug program. Among the twenty most widely prescribed drugs for seniors, for instance, a year's supply of Protonix (for ulcers) costs the VA \$253, but the seniors in the Bush Medicare program, which prohibits such bulk discounts, pay a sticker price of \$1,080. That will give you ulcers! A year of Zocor, the cholesterol-reducing drug, costs the VA \$251. Seniors in Bush's drug plan get whacked for \$1,323.

It was these inflated costs that necessitated some gimmick to keep down the overall cost to taxpayers. Hence the notorious donut hole.

If the Democrats have the moxie and the wit, they should propose a straightforward fix, take it to the country in the 2006 elections, and dare Republicans to oppose it:

First, get rid of the costly crazy-quilt of private programs and bring the "Medicare" drug program back into public Medicare.

Second, allow Medicare to negotiate bulk discounts the way the VA does.

Third, get rid of the donut hole, and design a simplified benefit structure with modest co-pays and then 100 percent coverage after a set annual cap on out-of-pocket costs.

Finally, if the savings from the bulk price discounts are not quite sufficient to cover costs of filling in the donut hole, take back a little of Bush's tax cuts to the richest one percent.

This debate will also remind voters of a useful meta-lesson. A party whose mantra is hate-government, and that sees government mainly as a vehicle for rewarding special-interest allies rather than serving ordinary citizens, can never be trusted to run government competently.

A happier New Year to all.

Robert Kuttner is co-editor of The American Prospect.
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Alan

"Can't you see we're still here,
Can't you see we're still here,
Singing loud; Singing clear,
We shall not go under,
We're still here."

Nemesis Peace Centre

<http://www.velociraptor.free-online.co.uk/protector.html>

Abuse of Women and Children

<http://theoriginalfirebird.blogspot.com/>

Nemesis News

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