

The State

Medicare needs reform before drug benefit added

By JIM DeMINT
Guest columnist

Members of Congress are now eagerly at work creating a new federal entitlement program designed to garner votes from seniors in the 2004 elections. Blind to the long-term consequences of their good intentions, members of Congress are on the verge of enacting the biggest expansion of the federal government since the Great Society.

The issue is Medicare, and the goal is to change the program to help seniors with the high cost of prescription drugs. This is a worthy and necessary goal, which I support. However, before we make new promises to seniors, we must figure out how we are going to keep the promises we've already made.

Both Social Security and Medicare are on a course toward bankruptcy, yet few in Congress are even willing to admit we have a problem. Instead, Congress is intent on adding a new promise that multiplies the cost of Medicare without any idea of how we are going to save Medicare for this generation and the next.

Instead of expanding the current flawed Medicare system, we must improve Medicare in a way that will allow it to help seniors with the cost of all of their health care -- including prescription drugs.

To improve Medicare, we must first recognize that its current structure is having a detrimental, if not devastating, impact on America's health care.

Medicare currently:

- Forces all Americans over the age of 65 into a government-controlled health plan (the number of seniors in the unsustainable Medicare program will nearly double over the next decade as the baby boom generation retires).
- Fixes the prices that doctors and hospitals can charge, making seniors less desirable patients.
- Determines what health care services can be provided by doctors and hospitals, creating an arbitrary bureaucracy that often excludes new, more effective and less expensive treatments.
- Controls how health care is delivered through its complex and antiquated payment code system. This rigid system creates a disincentive for health care providers to continually improve quality. Providers are forced to spend their time jumping through hoops created by government bureaucrats.
- Threatens physicians and hospitals with huge fines if they do not comply completely with complex bureaucratic mandates. A recent Time magazine cover story, "The Doctor is Out," pointed to

Medicare's rigid bureaucratic scheme as one reason doctors are leaving the profession, especially in rural areas.

The solutions are as complex as the problems, but a few additions to the proposed Medicare reform bill could at least open the door to more choices for seniors.

- Allow retiring workers to keep their health insurance plans by creating a "premium subsidy" that seniors could use to pay for qualified, individually owned health plans. The amount of the "premium subsidy" would be based on a percent of the average monthly expenditure for Medicare enrollees.
- Replace the government-controlled, socialized payment system with broad categories of qualified health services at the primary and secondary level. This would eliminate the fixing of prices and encourage continuous improvement for health care services.
- Encourage the use of health savings accounts by seniors for primary and secondary health care. The savings accounts will provide seniors with the flexibility to pay for prescription drugs and primary health care while creating incentives for them to shop for low-cost alternatives.

President Bush embraced the spirit of these reforms -- individual control instead of government control of health care -- when he proposed that seniors should enjoy the same health care choices members of Congress and their staffs enjoy.

Unfortunately, the proposal for Medicare reform based on the Federal Employee Health Benefit Plan has been gutted in the current bill.

Retirees, near-retirees and younger workers overwhelmingly support more individual control of their health care. Current retirees, more than one-third of whom already have some form of employer based prescription drug coverage, should not have their coverage stripped from them by a heavy-handed government mandate.

The fact that 37 percent of all retirees with employer-based drug coverage would have a chance to lose that coverage under this proposed legislation is reason enough to stop this process in its tracks.

Congress should resist the temptation to placate voters by treating the symptoms of Medicare's woes instead of its root causes. Americans should demand that Congress truly reform Medicare for this generation and the next.

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