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Kicking the Medicare can -- again

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While much of Washington was fo cused on the tax compromise be tween President Obama and congressional Republicans, the Senate was putting together another deal that shows how little both parties really understand what happened in the last election.

Senate Democrats and Republicans agreed on -- and passed by a vote of 99-0 -- a one-year extension of the so-called "doctor fix" for Medicare. The result is almost certainly going to mean higher deficits and more debt piled on the backs of our children.

The entire conundrum is an artifice of the way Congress does business.

Back in 1997, Congress established something known as the "sustainable growth rate," a formula designed to control increases in Medicare spending. If Medicare's payments to physicians grew significantly faster than the overall inflation rate, reimbursements would be cut according to the SGR formula.

The formula was designed to require few real cuts in the early years. But in 2002, it dictated an automatic 4.8 percent across-the-board cut. Doctors, hospitals and seniors complained at once -- and Congress, caught between unsustainable Medicare spending and some of the country's most powerful interest groups, caved.

Since 2003, as health-care costs have skyrocketed and Medicare's finances grown worse, the SGR has dictated reimbursement cuts every year. And every year, Congress intervened to postpone those cuts.

The repeated postponements meant that the gap between the SGR and actual reimbursements grew ever larger -- until this year bringing reimbursements in line with the SGR would have required slashing payments to doctors and hospitals by 23 percent.

And the Obama administration and congressional Democrats made matters worse by including the "savings" from that 23 percent cut in the cost estimates for the ObamaCare law. This allowed them to pretend that the reform cost less than $1 trillion over its first 10 years -- although no one believed that the cuts would actually take place.

Now, faced with having the cuts kick in on Jan. 1, Congress, unsurprisingly, has once again voted to postpone them for a year, at a cost of $15 billion.

But wait. Congress found a way to pay for it: It voted to reduce subsidies under the president's health reforms -- in 2014.

That's right. Congress will spend the money next year, but you needn't worry because it will reduce subsidies four years from now.

Well, it's not really going to reduce the subsidies. What members actually voted for was a requirement that people who get the subsidy incorrectly because their incomes changed during the year (making them ineligible) will have to repay a larger portion of the subsidies that they shouldn't have received in the first place.

Under the ObamaCare law, any individual receiving a greater tax subsidy than he was really eligible for only had to repay $250 of that overpayment; families would have to repay up to $450. Now the repayments top out at $600 to $3,500, depending on income.

So, four years from now, the government will pay people money that it shouldn't. Those people will then repay part of this money. And Congress will use that repayment to repay the money it borrowed to spend this year to avoid making cuts in a program that is trillions of dollars in debt.

Feeling better now?

If November's election meant anything, it was that the American people were fed up with business as usual in Washington. If this latest Senate deal tells us anything, it's that business as usual is alive and well.

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