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No easy answers on proposal to expand Medicare coverage

By DAVID LIGHTMAN
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Allowing 55- to 64-year-olds to buy Medicare coverage will be a disaster, the critics say. Not so, supporters counter.

Critics say the system is already flirting with insolvency. Premiums could be high. Doctors and hospital administrators won't be happy. Those who would join the program will be largely unhealthy and therefore costly.

Medicare, supporters say, has been proved to be an effective popular health care program. No one can predict the health of the new beneficiaries, and middle-age people who are uninsured and unable to get employer-provided coverage would have alternatives.

There are no easy answers, as the Senate struggles to craft health care overhaul legislation that, at the moment, is aimed at expanding the 44-year-old Medicare system, which now insures people over 65 and some others with disabilities.

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It's a key piece of a tentative deal that lawmakers are considering. Some moderate Democrats have signaled they're uneasy with the proposal, and leaders are discussing possible changes.

In the meantime, said Senate Budget Committee Chairman Kent Conrad, D-N.D., "I know enough to ask all these questions, but I don't know the answers. This is not simple stuff."

The political part of the debate is the easiest. Supporters of the public option, or government-run health care program, like the idea of expanding Medicare. Those who oppose a public option are skeptical.

"Every day we hear about some new idea they've come up with for creating a government plan by another name," said Senate Republican Leader Mitch McConnell of Kentucky.

A Kaiser Family Foundation study released Thursday laid out the difficulties in making an easy assessment.

Medicare expansion, it found, "could provide coverage in a relatively short period of time, as early as 2011, and target help to those who are most likely to have difficulty purchasing coverage on their own in the individual market."

It added a number of qualifiers, however: "If implemented (in future years) in conjunction with other health reforms," it said, "key considerations include the extent to which Medicare premiums are subsidized, whether Medicare premiums for older adults are higher or lower than those of private insurers, whether older adults are required to have health coverage through an individual mandate, and the relative generosity of Medicare benefits relative to benefits offered by private plans."

No one knows how such issues will be resolved, and so the plan has raised all kinds of vexing questions. Among senators' concerns:

-Medicare's financial health. In its 2009 report, the system's trustees found its trust fund "continues to fail our long-range test of close actuarial balance by a wide margin" and predicted the fund would be exhausted by 2017.

Adding a new group of people, some said, will exacerbate the financial crisis, because it is bound to attract high-cost consumers.

"Why are these people uninsured? It's likely because they couldn't buy insurance or lost their job," and are therefore higher-risk, said Michael Tanner, a health care expert at the Cato Institute, a libertarian research group.

But Vicki Gottlich, a senior policy attorney at the Center for Medicare Advocacy, argued that there's no way to know who might buy in.

"It's our thought that a lot of these people are healthy," she said.

Kaiser's study found that about a quarter of uninsured 55- to 64-year-olds were in fair or poor health last year, compared with 17 percent of 35- to 54-year-olds and 7 percent of 19- to 34-year-olds.

The Senate bill projects savings of about \$500 billion in Medicare over the next 10 years through cost-cutting, more efficient policies and so on.

-The cost to consumers. A key purpose of the health care bill is to make coverage more affordable.

However, Paul Ginsburg, the president of the Center for Studying Health System Change, a nonpartisan research group, said, "I don't see this as being competitive with private plans offered through the exchanges."

The Senate health care bill requires that under exchanges, or marketplaces where consumers can shop for coverage, private insurers charge older patients only three times as much as younger patients, which will be less than costs.

So, Ginsburg said, self-supporting Medicare premiums for older adults could be much higher than what's offered through the exchange and cutting Medicare premiums could force a big hit to the cost of the bill and to Medicare solvency.

About 13 percent of 55- to 64-year-olds were uninsured last year. If Medicare expands, those 4.3 million people, as well as another 2.4 million who now buy private policies, could be eligible - though many may wind up using Medicaid, the state-federal insurance program for the poor, because its eligibility could expand under Senate legislation.

-The concerns of health care providers. Will doctors and hospitals be willing to take new Medicare patients?

Already there are stirrings. J. James Rohack, president of the American Medical Association, calls expansion "coverage without access," and warns, "We would add millions of more patients to a program where it is difficult for a new enrollee to get an appointment with a physician."

Medicare payments to health care providers are often below those provided by private companies; expanding coverage, the organization warns, will simply make it harder for patients to see their doctors and for hospitals to accept Medicare recipients.

Advocates of the expansion are urging critics to hold their fire. The proposal is a work very much in progress, and senators have the same questions as the experts. And that's why nothing is firm.

Sen. Mary Landrieu, D-La., one of the key swing votes on health care, said the group that negotiated the tentative deal "thought that might be something that should be considered."

Because the details aren't final yet, however, she said, "We can't tell."

(Mary Agnes Carey of Kaiser Health News contributed to this report.)

ON THE WEB:

-Kaiser report on 55- to 64-year-old uninsured: <http://www.kff.org/healthreform/upload/7904.pdf>

-Data on uninsured population: <http://kff.org/uninsured/upload/7451-05.pdf>

-Dr. James Rohack's health care blog: <http://www.ama-assn.org/ama/pub/health-system-reform/blog/december-9-2009.shtml>

-Congressional Budget Office analysis of Senate Democrats' health care bill: <http://tinyurl.com/yb3sdx>

-Text of Senate Democratic health care bill: <http://democrats.senate.gov/reform/patient-protection-affordable-care-act.pdf>

-Congressional Budget Office analysis of House health bill: <http://tinyurl.com/y8l3jbl>