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Medicare cuts appear inevitable

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One should never expect an over abundance of honesty in political debates. But in the debate on health care reform, both Democrats and Republicans may well be setting new records for obfuscation.

Take Medicare, for example. The Democrats would have us believe they can cut \$500 billion from Medicare spending over the next 10 years without anyone getting less of anything. They are going to save that money, the president says, by eliminating "fraud, waste, and abuse." Undoubtedly that would be the same fraud, waste, and abuse that presidents have been eliminating since at least, say, Ronald Reagan.

But, contrary to the president's rhetoric, the bills that Congress is debating do cut Medicare.

Roughly 10.2 million seniors receive their health care through the Medicare Advantage program. That program offers many seniors benefits not included in traditional Medicare, including preventive-care services, coordinated care for chronic conditions, routine physical examinations, additional hospitalization, skilled nursing facility stays, routine eye and hearing examinations, and glasses and hearing aids.

The bills making their way through Congress would cut payments to Medicare Advantage plans by \$100 billion to \$150 billion. In response, many insurers are expected to stop participating in the program, while others will probably increase the premiums they charge seniors. Millions of seniors will likely be forced off their current plan and back into traditional Medicare. The Congressional Budget Office makes it clear that, at the very least, the cuts "would reduce the extra benefits that would be made available to beneficiaries through Medicare Advantage plans."

The Democratic cuts also hit traditional Medicare. The bills would reduce reimbursements for diagnostic imaging -- things like CT scans, MRIs and X-rays -- by as much as 25 percent. And the Senate Finance Committee's bill would penalize doctors who perform too many procedures or tests. Providers whose utilization are in the 90th percentile or above, compared with national averages, will have their Medicare reimbursements cut. The whole point of such provisions is to reduce services.

On top of that, the Senate Finance Committee assumes that there will be a 21 percent across the board reduction in what Medicare pays providers. This cut is scheduled under current law and is not technically part of the health care bill, but most observers had expected Congress to defer those cuts, as they have every year since 2001.

And the Republicans? They've reacted with the least convincing outrage since Inspector Renault discovered there was gambling going on at Rick's. Republican Party Chairman Michael Steele issued a Seniors' Health Care Bill of Rights promising to "protect Medicare and not cut it." Hardly a day seems to pass without some House or Senate Republican vowing to save Medicare from the Democratic axe.

Having been on the receiving end of "Mediscare" politics so many times, it is probably comforting for Republicans to try turning the table for a change. But their outrage ignores the fact that back in February these same Republicans proposed even bigger Medicare cuts as part of their alternative budget.

So who is really going to cut Medicare benefits?

The truth is that, depending on which set of accounting measures used, Medicare is facing unfunded liabilities of \$50-100 trillion. Yes, that's trillion with a "T." As a percentage of GDP, Medicare costs are expected to

rise from 2.7 percent today to 9.4 percent by 2050. We cannot and will not continue to pay all promised future Medicare benefits.

Of course there are differences about how future cuts would be made and what we should do with the money. The Democrats plan to simply plow the money back into a new government health care program, for example, would do nothing to help our long-term fiscal problems.

The fact is, no matter what they say, Democrats are going to cut Medicare and so are Republicans.

Wouldn't it be nice if we had a politician, from either party, with the courage to tell us the truth?

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