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POLITICS

Health Reform Deal Greeted Cautiously By Moderate Dems

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"There was no compromise," said Sen. Mary Landrieu, D-La., left, who hinted at her support of the latest health care proposal along with... [View Enlarged Image](#)

"Until we see the details about it, it's hard to really react," said Ron Pollack, executive director at Families USA, a liberal health care group. "The Medicare buy-in could be helpful, but whether it is more helpful than people going into the exchange, especially those who are eligible for subsidies, is hard to determine."

Conrad Has Doubts

One prominent senator said he was worried about the impact on his home state as well as the overall budget impact.

"My initial reaction to this was the state I represent," said Senate Budget Committee Chairman Kent Conrad, D-N.D. "An additional cohort on Medicare means Medicare rates of reimbursement, and my state is third or second lowest in Medicare reimbursement. I'm also concerned about Medicare solvency, and that's why I need to see the Congressional Budget Office analysis before making a final decision."

When asked if higher Medicare reimbursement rates for North Dakota would win him over to the plan, he replied: "It would make it more palatable, but I want to make it clear, while my first obligation is my state, I've also got a broader obligation. Even if they fixed rates for my state, if the CBO analysis came back that this would have an adverse effect on the solvency of Medicare, I'd still have to resist it."

Sen. Joe Lieberman, I-Conn., who had strongly opposed a public option, said in a statement that he would reserve judgment until he learns more about the impact on Medicare's solvency.

Drowning Man's Anchor?

Robert Zirkelbach, a spokesman for America's Health Insurance Plans, an industry group, said the plan "would add millions of people to a Medicare program that the trustees say will start running a deficit in the near future."

According to the Medicare Trustees, the hospital portion of Medicare will begin running a deficit in 2017. Medicare has a present-value

unfunded liability of \$13 trillion over the next 75 years.

Still, some potential beneficiaries seemed enthusiastic about expanding Medicare.

"Bring it on," liberal blogger Brian Hines wrote. "This 61 year old is absolutely ready to give up his overpriced Regence Blue Cross of Oregon policy and jump to Medicare early."

He surely wouldn't be alone. There are about 28 million Americans ages 55-64, according to the most recent census figures.

But would they be required to pay the full price of their Medicare benefits, or would taxpayers pick up some of the cost?

I'd Like That In Writing

Conrad said he was told that premiums would pay the full cost of benefits, but he hadn't "seen it in writing."

Under Medicare Part B, which pays for physician services, premiums for current beneficiaries cover only about 25% of the benefits.

Covering younger Americans would probably require far more administrative expenses, experts say. Medicare deducts premiums from Social Security, and seniors stay until they die.

Presumably subsidies in the Senate bill would help beneficiaries ages 55-64 pay their Medicare premiums, but Conrad suggested they could be quite high.

How High Subsidies?

"Who are the likely participants in this pool? They're likely to be currently uninsured, which means they are likely to be a sicker, more expensive pool," Conrad said. "We've been told that they'd then be charged premiums to address that issue. How affordable would those premiums be and what would the effect be on Medicare solvency?"

Depending on one's income level, the cost of a Medicare premium could eat up much of the subsidy. The subsidy for a 55-year-old at 200% of the federal poverty level would be about \$5,200, while for 400% FPL it would be about \$2,300. The Senate plan gives no subsidy for those over 400%.

Greg Scandlen, president of Consumers for Health Care Choices at the conservative Heartland Institute, points to another possible cost for potential beneficiaries.

"Almost everyone on Medicare has to buy a supplemental policy to go along with it," he said. "It seems crazy to me that they'd allow people to buy into Medicare knowing they'd have to supplement it with something else. It could be considered bait-and-switch."

Supplemental coverage, often called Medigap, pays for much of the costs that Medicare does not. Some 33% of those in traditional Medicare buy an individual policy, while another 37% receive it as a retirement benefit through an employer. The median cost of a Medigap policy ranges from \$1,400 to \$2,600, according to the Medicare Payment Advisory Commission.

It's not clear if the Senate bill's premium subsidies could cover a Medigap policy.

The portion involving the Federal Employee Benefits Health Plan also drew varied criticism.

"It's important to understand, that would be a completely private plan," said Rep. Jan Schakowsky, D-Ill., a big proponent of the public option. "Right now, I don't see it as a good deal."

The libertarian Cato Institute also criticized the nonprofit proposal. In a blog post, Cato noted that in the FEHBP, "costs are rising faster than average. FEHBP premiums are expected to rise 7.9% this year and 8.8% in 2010. By comparison ... average premiums will increase by 5.5% to 6.2% annually over the next few years."

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