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The Wrong Way To Fix Medicare

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Last month, the top insurance regulators from all 50 states admonished the Bush administration for misleading American seniors about the new Medicare drug benefit. A month earlier, the Government Accountability Office released shocking findings showing that the private plans so aggressively promoted by the president and his allies in the new Medicare law are likely to cost the federal government between \$650 and \$750 more per person per year.

These are only the latest in a series of events that have confirmed our fears about the Medicare law. We opposed the law when it was passed, and our concerns are even greater today. These concerns have been heightened by our many face-to-face meetings in Connecticut and elsewhere with Medicare beneficiaries.

In recent months, seniors have been offered the chance to select drug "discount" cards, which are intended to be a stopgap solution until the full drug plan takes effect in two years. A dizzying array of more than 70 cards has created mostly confusion for Medicare recipients. Many of the cards offer little or no savings. The companies that sponsor the cards can change their prices or the medicines they offer on a weekly basis - yet seniors can only change cards once a year.

The confusion has been compounded by the federal government's use of a website as its primary information source. Websites are fine for people who use the Web. But according to a recent study, only one in five Medicare beneficiaries has access to the Web. It's no wonder that nearly 90 percent of Medicare's 40 million beneficiaries have simply elected not to sign up.

If the temporary program is confusing, the permanent drug plan, coming in 2006, will almost certainly be worse. Drug plans will be available only through private companies. Each company will offer its own plan with its own list of covered medications. The complex nature of the drug plans will make it difficult, if not impossible, for seniors to realize any savings that the plans might offer. And even those Medicare beneficiaries who fully understand the new system will not necessarily save money.

The Medicare law could have virtually guaranteed savings to America's seniors - by enabling the federal government to use its enormous purchasing power to negotiate lower prices for prescription drugs. Anyone who has ever shopped at a supermarket knows the basic principle of buying in bulk: The more you buy, the less you pay for each item. Stunningly, however, the authors of the Medicare law chose to explicitly forbid our government from negotiating lower prices by buying in bulk. That decision will cost seniors billions of dollars in higher drug costs.

By far, though, the most dangerous provision in the new law is the move toward full-scale privatization of Medicare. The bill provides \$12 billion to private providers to compete with Medicare in selected markets, an experiment that the bill's supporters intend to eventually expand nationwide. But as the recent Government Accountability Office report shows, privatization does not save money for seniors or taxpayers. On the contrary, it will raise the yearly cost of insuring seniors by \$650 to \$750 per senior. And it moves seniors from the Medicare they know, trust and depend on to a complex, confusing network of private companies that may not have their best interests at heart.

There are much better, clearer and more fiscally responsible ways to improve and modernize Medicare. We should provide tax and other incentives to help employers provide their retirees with drug coverage. We should remove the handcuffs from the federal government and allow it to negotiate lower drug prices. We should provide seniors with a straightforward plan that enables them to buy lifesaving medications at affordable, stable prices. And the federal Medicare agency should mail clear, straightforward information about the provisions of the new law to beneficiaries.

The new Medicare law takes none of these steps. It provides very little for seniors, while providing a windfall for private health care and drug companies.

Americans should tell the administration and Congress to scrap this misguided legislation and create a real, meaningful law that will provide America's seniors with the care and security they deserve. It's the right thing to do.

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