

Tuesday, July 15, 2008

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STATEMENT BY EDWIN PARK, SENIOR FELLOW, ON THE PRESIDENT'S VETO OF THE MEDICARE "DOCTOR FIX" BILL

Contrary to the President's claim today, the Medicare bill would not "harm beneficiaries by taking private health plan options away from them." It would merely slow the explosive growth in private fee-for-service plans, the most overpaid and least efficient private Medicare plans.

Under the bill, overall enrollment in Medicare Advantage (the program through which Medicare beneficiaries can elect to receive coverage through private insurance companies instead of regular Medicare) would still climb by 25 percent over the next five years, according to the Congressional Budget Office.

Also, enrollment in private fee-for-service plans within Medicare Advantage would still be expected to increase by 39 percent by 2013 — even though it costs the federal government *17 percent more* to cover a beneficiary under private fee-for-service plans than under regular Medicare, on average, according to Congress's expert Medicare Payment Advisory Commission.

The bill would, however, require private fee-for-service plans to establish adequate provider networks and collect data on the quality of health care they provide, as other Medicare Advantage plans already must do. By making them compete on a more equal basis with other private plans, the bill would slow their explosive and thus costly enrollment growth. This, in turn, would produce part of the savings that offset the bill's overall cost, while improving access to care among beneficiaries enrolled in these plans.

The provisions relating to private fee-for-service plans thus represent sound health care policy as well as responsible fiscal policy.

For more information on this provision, see "Controversial Provision of 'Doctor Fix' Bill Would Improve Medicare and Help Keep Bill Deficit-Neutral," at <http://www.cbpp.org/policy-points7-7-08.htm>.

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