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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and policy institute that conducts research and analysis on a range of government policies and
programs. It is supported primarily by foundation grants.