

LEGAL EASE



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October 11, 2009

Many aspects of Medicare need fixing

The words, "health care reform," frighten many Americans, apparently especially those who are over age 65 years. Medicare has been around for 44 years now, and older Americans are by and large happy with their government insurance, and if it "ain't broke, don't fix it." However, too few Americans really understand Medicare, and how it is funded, and also do not realize that many aspects of the program are broken, and need fixing.

President Obama has proposed sweeping health care reform that will affect many more citizens than those on Medicare. But since Medicare is a federal program, many people fear that cuts will be made to Medicare benefits in order to finance programs for those who are not yet eligible for Medicare. However, the goal of reform, according to President Obama, is "to end waste and inefficiency in a system that provides poor value and threatens to drain the federal budget." If unnecessary costs are reduced, there will be more money to provide necessary care to more people, including senior citizens, as well as disabled persons on Medicare. At a town hall meeting sponsored by AARP, President Obama noted that the U.S. spends \$6,000 more per person each year than other industrialized nations, but our people are no healthier.

One area of Medicare that should be "fixed" is the current situation where the federal government pays Medicare advantage plans (private insurers who provide a substitute for traditional Medicare) an average of 14 percent more per patient than it pays for those in traditional Medicare plans. This surcharge is paid directly to the insurance companies to keep them in the Medicare program. The original intention during the Bush administration was to provide a "managed care" component to Medicare that would control the spiraling costs of providing care to the nation's elderly. However, this plan did not work, as the federal government will pay *\$177 billion* in federal payments to the private Medicare program over the next decade, if no changes are made. Of course the private insurance companies do not want a change in the status quo; therefore, much is being made of Medicare "cuts." None of the bills introduced in Congress would cut Medicare benefits, or increase your out-of-pocket costs for traditional Medicare services, according to all of the commentators, including AARP (www.aarp.org).

Medicare Advantage plans must be carefully evaluated as to the benefit to the consumer. Encouraging health insurers in the private plans to compete with each other for business may make the actual benefits more transparent, and enable the consumer to compare plans accurately. This competition, rather than merely paying plans to stay in the Medicare business will strengthen the trust fund that provides the funding for Medicare. The House health reform bill would actually invest \$320 million more in Medicare, rather than make cuts. So all change is not bad.

The goal of healthcare reform, as previously stated, is to reduce waste, inefficiency, and fraud in the Medicare system, which has resulted in billions of lost dollars. AARP, on their website and in their literature which will be sent to members in the near future, lists some common-sense parts of the proposed reform that will benefit those on Medicare, or are soon to be eligible for Medicare. Understand how Medicare really works, and does not work, before you blindly oppose healthcare reform.