

Medicare Part D Update

As you probably know, the battle to fix Medicare Part D is still raging... but the battlefield has become larger. We are still making presentations to describe the mess that we all know and love, and the hopes we have for improvements, but I now have added to it. The topics our presentation now covers include:

- The Uninsured: Insurance Company Dominance?
- Fixing Medicare Part D (Seniors)
- The FDA and the Pharmaceutical Industry
- Universal or Single-Payer: Choices in California

Go here for the complete presentation: (<http://www.gpcal.org/documents/PresentationCD/generic2007a.ppt>).

First, what is happening with Medicare Part D? Democrats in the House of Representatives, per their before-election promises, passed a House bill to require Medicare to negotiate for the best possible prices with the pharmaceutical companies. This week, the companion Senate bill, which was softened to allow negotiating rather than require it, failed anyway. This is not the end, it never is for advocates such as ourselves, but it may mean we will need another election to make the changes we need. Of course we are still working toward elimination of the donut hole and some of the more onerous privatization portions of the bill, and moving the whole program under the aegis of Medicare, where the emphasis can go towards the provision of a true drug benefit rather than the enrichment of the insurance and pharmaceutical industries.

The crisis in health care continues to worsen, as the number of the uninsured hits over 41 million nationally and over 7 million in California. Companies are hiring more temps and part-time employees to avoid paying for benefits, or just joining Wal-Mart in dropping healthcare entirely. Over half of the uninsured are people in working families, and many cannot afford Cobra (one family of three I know has to pay a ruinous \$1200 per month!), and many insurance companies won't insure people anyway for a variety of reasons, starting with prior conditions. The solution seems obvious to many of us, a single-payer system such as that introduced again in California by Sheila Kuehl. The situation here is complicated by the fact

that there are other major proposals on the table. The Governor has a proposal, which we don't like because it is another giveaway to the insurance companies and in addition it severely punishes those who can't afford to buy required insurance. Nunez and Perata have bills which are only slightly less onerous, and there is a Republican bill which essentially does nothing. As I said when testifying at the hearing for AB 840, Kuehl, "We trusted the insurance companies to do the right thing when they helped write Medicare Part D, and we aren't doing *that* again!"

Finally, the unholy alliances among government, doctors and the insurance and pharmaceutical industries have led to some really egregious situations: prescription drug errors, collusion, dishonest testing, etc. As you know, Gray Panthers has a drug labeling bill, but there is so much other work to be done in this arena that it is a little overwhelming. (A great source of information about the collusion issue is *Overdo\$ed America: the Broken Promise of American Medicine*, by John Abramson, M.D. He tells us that there are 5 drug sales reps for every doctor in this country, and it gets worse from there. Drug advertising has encouraged consumers to insist on unnecessary and sometimes dangerous drugs, and the FDA is not the watchdog institution it once was.

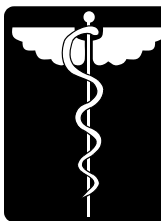
As always, if you know of any organization or gathering that might be interested in this presentation, I would be most grateful if you would send them my way or let me know whom to contact.

—Margie Metzler

New York Times Editorial, April 21, 2007

<http://www.nytimes.com/2007/04/21/opinion/21sat1.html?th=&emc=th&pagewanted=print>

The Medicare Privatization Scam



If private health plans are supposedly so great at delivering high-quality care while holding down costs, why does the government have to keep subsidizing them so lavishly to participate in the Medicare program?

About a fifth of elderly Americans now belong to private Medicare Advantage plans, which — thanks to government subsidies — often charge less or offer more than traditional Medicare. As Congress struggles to find savings that could offset the costs of other important health programs, it should take a long and hard look at those subsidies.

The authoritative Medicare Payment Advisory Commission estimates that the government pays private plans 12 percent more, on average, than the same services would cost in the traditional Medicare fee-for-service program. The private plans use some of this money to make themselves more attractive to beneficiaries — by reducing premiums or adding benefits not covered by basic Medicare — and siphon off the rest to add to profits and help cover the plans' high administrative costs.

Although the insurance industry insists that the subsidies are much lower and are warranted by the benefits provided, Thomas Scully, who headed the Medicare program for the Bush administration until 2003, told reporters recently that the subsidies were too large and ought to be reduced by Congress.

The largest private enrollment is in health maintenance organizations, which typically deliver care a bit more cheaply than standard Medicare and should not need their 10 percent subsidies, on average, to compete. The biggest subsidies — averaging 19 percent above cost — go to private fee-for-service plans, which are the fastest-growing part of the Medicare Advantage program. Unlike the H.M.O.'s, which at least manage a patient's care and bargain hard with doctors and hospitals, these

plans ride on the coattails of standard Medicare, typically providing access to the same doctors and paying them at the same rates. Thanks to the big subsidies they get, such plans are often a good deal for beneficiaries, charging less for the same benefits or adding benefits without raising prices.

The main losers are the beneficiaries in the standard Medicare program, whose monthly premiums are roughly \$2 higher to help pay for the subsidies, and the taxpayers who pick up part of the tab. The subsidies also erode the long-term solvency of Medicare, which needs to rein in costs, not increase them with handouts to insurance companies.

When the Democrats first won control of Congress, it seemed possible that they might eliminate the subsidies — saving some \$54 billion over five years — to finance a \$50 billion expansion of a health insurance program for low-income children. But the insurance industry has mounted a furious lobbying campaign to head off any cuts.

Congress ought to eliminate the subsidies completely unless it is willing to subsidize the same benefits — at enormous cost — for the far greater number of people enrolled in standard Medicare. It is time to level the playing field and force private plans to really compete with traditional Medicare.

**Saturday, May 19th, 10 am
HART SENIOR CENTER**

Older Women's League and Gray Panthers will offer:

REPORT FROM IRAN

Margot Smith, Berkeley Gray Panther, joined a delegation of 23 American members of the Fellowship of Reconciliation Peace Delegation to Iran.

The Delegation met with Imams, people on the street, students, professors and the Vice President in charge of Culture and Tourism.

They visited Tehran, Isfahan, Shiraz, and Qom.

She will show her video, which includes a segment with the Vice President of Iran

"Listen to Iran's People: A Call for Peace"

and report on the delegation's experiences as civilian diplomats.

No charge, light refreshments served.

Thanks to OWL for offering their meeting time for this important event.

Further information, call Joan Lee, 916-332-5980