

OBAMA'S HEALTH CARE REFORM

What It Will Do to Seniors

Seniors Pay for It

- **Cuts Medicare to Pay for New Public Plan:** Some of the projected savings for financing Obama's health agenda, including the creation of a new public plan, would come by squeezing savings out of Medicare. At a time when Medicare is dangerously close to bankruptcy, it is shortsighted to funnel funds into the creation of another government-run program instead of shoring up Medicare.
- **Undercuts Private Plan Options in Medicare:** Another key element of Obama's Medicare agenda is to chip away at current government payments to highly popular Medicare Advantage plans. The program is popular among seniors, especially those on a fixed income, because it offers an integrated benefit package that gives better benefits and better value.
- **Price Controls on Prescription Drugs:** Under the guise of "negotiated prices," the Obama agenda also includes the imposition of a price-control regime on the Medicare prescription drug benefit. The government doesn't "negotiate" prices; it fixes them. Ironically, this part of the Medicare program is the only one that has shown budget savings over the past two years.

Seniors Lose Choice and Access

- **Jeopardizes Access to Doctors:** Medicare savings would largely result from a ratcheting down of existing payment formulas and lowering reimbursements to doctors and hospitals. Cutting reimbursements often encourages medical professionals to increase their volume of services, resulting in higher program costs, undermining the objectives of the original cuts. Cuts in reimbursement also discourage doctors from seeing new Medicare patients.
- **Millions of Seniors Could Lose Their Coverage:** Today, one in five seniors is enrolled in a Medicare Advantage private plan, including 40% of black seniors and over 50% of Hispanic seniors. In spite of their growing popularity, key congressional leaders oppose these private health plans and want to cut them.
- **Limits Access and Choice to Prescription Drugs:** Many supporters of government direct purchasing of prescription drugs highlight Veterans Affairs (VA) as a model. As a matter of fact, one-third of veterans who had been in the VA system actually paid to join Medicare Part D to get better access to needed prescription drugs.



Alternatives That Improve Medicare for Seniors

- **First, Do No Harm:** Congress should preserve the competitive private drug delivery system in Medicare Part D. It should resist any efforts to undercut this competitive pricing for drugs that has yielded big savings for both seniors and taxpayers. Moreover, they should not impose a price-controlled regime for prescription drug coverage that limits access to a broad range of drugs available today.
- **Increase Private Plan Options:** While Medicare Advantage may need adjustment, it should be the base for a truly competitive model, where government payment is tied to real market prices, not poorly targeted formulas.
- **Establish a Premium Assistance Option:** The first wave of 77 million baby boomers is about to hit the Medicare program in three years. Instead of forcing these Americans to give up the coverage they have when they turn 65, Congress should allow individuals to take their private coverage into retirement or choose a better plan and offset the cost of their coverage with direct premium assistance.

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