

Medicare Reform: a Tough Sell

Roll Call

By Kate Ackley
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In the fast-approaching 111th Congress, lobbyists and policy advocates are expecting to wade into the politically choppy waters of entitlement programs. And with health care reform possibly at the top of next year's agenda, debates surrounding the future of Medicare and Medicaid could well take center stage.

While major Social Security changes have been decidedly absent from much of the public discourse since 2005, don't expect fiscal conservatives to let up on their drumbeat for reforms.

Organizations that want sweeping changes to U.S. entitlement programs have their work cut out for them — and they know it.

"We're going stark-raving mad trying to get politicians to pay attention to this stuff," said Michael Cannon, director of health policy studies for the Cato Institute. "Lawmakers don't think they're responsible for the next 40 years, just the next two or four."

With one exception, Cannon added: Rep. Paul Ryan (R-Wis.), who has made a push for such reforms. "He's the only grown-up in Congress because he's the only one who's taking this problem seriously."

Cannon said Medicaid is the easiest entitlement program to reform, by having the federal government provide states block grants instead of matching and ever-increasing funds. "That's exactly what Congress did with welfare, and that was a huge success," he said. "We are trying to grab politicians by the lapels to try to get them to pay attention."

While some groups, like Cato, support scaling back or slimming down the growing federal burden of entitlement programs, other enterprises would like to see increases.

Ron Pollack, executive director of Families USA, a group that lobbies for universal health coverage and wants it taken up in the first months of the next Congress, said that in order for Medicare to be the safety net that it's supposed to be, more Americans need to have access to the program.

"It's presumed that if you're poor, you get Medicaid, but there's a lot that's not true about that," Pollack said, noting that there are different income requirements for children, parents and adults without children to benefit from Medicaid.

“We’ve got to eliminate health care as predicated on family status and just be predicated on need,” Pollack said. “If you’re serious about extending coverage to people that don’t have it, that is a critical component of it.”

Anna Burger, secretary-treasurer for the Service Employees International Union, said the No. 1 priority for the next Congress should be health care reform, not piecemeal changes to entitlement programs such as Medicaid or Medicare.

But, she added, “How we address health care in this country will have a fundamental impact on what we do with Medicare and Medicaid.”

Though Pollack’s and Burger’s key policy goal is overall health care reform, they and others on all sides of the debate said that changes to Medicare can spur improvements in the entire health system.

Jim Horney, director of federal fiscal policy at the Center on Budget and Policy Priorities, said that many of the Congressional priorities next year related to entitlement programs will depend on who wins the presidential election in November.

“The first thing for anybody to know about entitlements is that most of them aren’t a problem,” Horney said. “That doesn’t mean you shouldn’t take a look to see if any of the programs aren’t necessary or aren’t well-designed.”

When it comes to health care, he said, rising costs are a real issue.

But how to contain those costs can delve into controversy, especially when it comes to medical device manufacturers or health insurance companies.

Brett Loper, the senior vice president for government affairs at the medical device association AdvaMed, said that although his group favors universal health care, reforms shouldn’t come at the cost of losing out on innovations in medical technology.

“If you look at some of the budding worldviews on how to approach cost containment, some of them believe that the way to control the costs is to slow the rate of diffusion of new technology,” Loper said. “We believe just the opposite.”

“New technologies that have made procedures less invasive and made hospital stays shorter are things that have significantly reduced costs to health care. That’s one area where we’ll certainly be watchful in trying to promote our point of view.”

And Robert Zirkelbach, a spokesman for America’s Health Insurance Plans, said his organization stands ready to fend off possible cuts to Medicare programs that are popular with seniors such as Medicare Advantage and Medicare’s prescription drug benefit program, known as Part D.

“We’re hoping that health care reform is a top priority in the next Congress and for the next president,” he said.

“As part of that, the issue of entitlements needs to be a part of those discussions, to make sure people no longer fall through the cracks,” Zirkelbach said.

It isn't just insurance companies or medical device marketers that are taking an interest.

Big business groups such as the Business Roundtable spearheaded efforts back in 2005 when Social Security reforms were the talk of the town.

The BRT, for one, ran COMPASS, the Coalition for the Modernization and Protection of America's Social Security, which still exists.

Business Roundtable President John Castellani said his members, chief executive officers of some of the biggest corporations in America, care about the entitlement issue because if a program's costs spiral out of control it will mean tax increases or increased deficit spending.

“Either way, it's bad for the economy,” he said.

But his hope in what Congress will do has diminished.

“It appears as though Congress is politically just incapable of addressing these issues,” he said, adding that the BRT now has endorsed H.R. 3654, whose lead sponsor is Rep. Jim Cooper (D-Tenn.). That bill would create a Securing America's Future Economy Commission to examine entitlement spending and make recommendations for changes.

Staunch entitlement reform advocates such as Peter Ferrara of the Institute for Policy Innovation say the country does not need new studies. Instead, Members should introduce bold legislation.

“Republicans should stay away from any type of commission or anything like that,” Ferrara said.

“Republicans should introduce bills with positive entitlement reforms and promote those.” He said examples of such proposals could include personal accounts for Social Security.

Those are fighting words for many groups, including big unions and AARP, that have fought back efforts at privatizing Social Security.

Bill Samuel, political director for the AFL-CIO, said that many claims that Social Security is in crisis are oversold by those wishing to privatize the program. “There's a political agenda,” he said.

AARP's legislative policy director, David Certner, said he doesn't expect major changes to Social Security to dominate the Congressional agenda in the early part of the 111th.

“Some people are still interested, but the debate of a couple years ago showed that was something rejected by the American public,” he said. “Right now I think it's pretty clear that health care issues are taking center stage.”

Congress will have to turn its attention to Medicare and Medicaid next year, especially because the State Children's Health Insurance Program will need to be reauthorized next spring and a long-running issue about physician payments under Medicare will also have to be re-examined.

Certner said those may be "trigger points" that could serve as the basis for more sweeping changes.