

ORTIZ ANALYSIS OF MEDICARE REFORM

Given Congress' passage of the Republican Medicare Reform proposal, this overview of highlights in the bill is for seniors to get as much detailed information as possible about major provisions. But seniors must realize that *given so few details are concrete - everything here is an estimate.*

Privatization of the insurance program: The new program will begin ending Medicare as we know it by privatizing large parts of the program by 2010. Whether we have Medicare in any form in the next decade remains in profound doubt. Even before that happens, private insurance companies will hold sway over costs, premiums and policy services for millions of seniors. The current Medicare program will not offer a drug benefit, but seniors can purchase one through a private insurance company.

A wing and a prayer: This legislation directly accounts for very few specific costs and provisions of the drug coverage plan. This makes it difficult to analyze the effects this bill will have on the future of Medicare. So in trying to determine precisely how seniors will benefit under the new plan, there are a number of questions ... not the least of which are:

1. Will HMOs actually step forward to offer these packages to seniors, and
2. How much will they charge for monthly premiums

Rx Drugs: As an interim measure, in Spring 2004, all seniors can purchase an Rx pharmacy card (\$30 per year) to discount the cost of Rx drugs by a small percentage. The bill lets the card sponsors set rules about which drugs to cover and how big the discounts are, so there is no guarantee as to which drugs will be discounted, or what the actual savings will be. Meanwhile prices will continue to rise. Some low-income seniors, who do not already have drug coverage, will get these cards for free.

Beginning in 2006, seniors may buy Rx drug coverage from a private insurance company through Medicare – the type of coverage seniors will get and the premiums they will pay for this coverage is complex and unclear. However, attached is a worksheet and formula seniors can use to *approximate* the amount of Rx drug coverage afforded them in the bill. Additionally, the bill:

1. Ends re-importation of Rx drugs from Canada, and
2. Keeps the government from negotiating with drug companies for lower prices

Doctors and pharmacies: Private insurers will be telling seniors which doctors and pharmacies to use; seniors mustn't expect they will be able to continue treatment with their same doctor.

Cancer care: Because of large cuts to cancer care providers, \$1 billion will be lost, and many small clinics in South Texas will be forced to close or turn away patients.

Medigap: Retirees will be prohibited from supplementing drug costs with Medigap coverage.

Employer coverage: The door is left open to employers who want to stop offering prescription drug benefits to their retirees.