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Negotiators on Medicare Bill Fear That Premiums Might Vary

By ROBERT PEAR

WASHINGTON, Oct. 27 — Struggling to complete work on a giant Medicare bill, House and Senate negotiators expressed concern on Monday about new data suggesting that premiums would vary widely from state to state and even within states.

Lawmakers have agreed on the basic structure of drug benefits to be offered to 40 million elderly and disabled people under Medicare. But they have been unable to agree on sweeping changes in the overall structure of Medicare, which would require the traditional government-run program to compete directly with private health plans.

House Republicans say such competition would save money in the long run and give beneficiaries more choices. Democrats say the proposal would undermine traditional Medicare.

A provision of the bill passed by the House in June could eventually limit the federal contribution to both private plans and traditional Medicare, requiring beneficiaries to pay any costs that exceed the federal contribution. The limit, or cap, would be set locally, depending in part on the premiums charged by private plans in the area.

Premiums in traditional Medicare are now uniform throughout the country — \$58.70 a month — and the Congressional Budget Office estimates that they will rise to \$112 in 2013.

Estimates from the Department of Health and Human Services, now circulating on Capitol Hill, show that monthly premiums for the elderly could differ widely under provisions of the House bill, being pushed by House members in negotiations with the Senate.

Asked if he was concerned about the expected variation in premiums, Senator Max Baucus of Montana said, "Very much so, absolutely."

Mr. Baucus, one of two Democrats taking part in talks on the Medicare bill, said: "There would be variations, huge variations, between parts of the country, and variation within regions. That's a huge problem."

Under the bill, price competition would begin in 2010. The estimates from the Department of Health and Human Services show that by 2013, elderly people would be paying \$58 a month in parts of North Carolina and Oregon, \$67 in Springfield, Mo., and \$75 in Tucson. But monthly premiums would be about \$155 in Baton Rouge, La., \$158 in Las Vegas and \$190 in Baltimore.

Likewise, within states, the premiums could range from \$83 a month in upstate New York to \$165 in New York City. Within Florida, premiums could range from \$105 a month in Orlando and Jacksonville to \$165 in Miami.

Senator Charles E. Grassley, Republican of Iowa, the leader of the Senate delegation to the talks, said the variation in premiums was "one of the impediments to getting something done" to promote competition between traditional Medicare and private plans.

Congress has budgeted \$400 billion over 10 years for the Medicare legislation, a top priority for President Bush and members of both parties. Conservative House Republicans say that federal health programs often exceed the initial cost estimates, and they have demanded some mechanism to slow the growth of Medicare spending.

Senator Grassley said on Monday that while Congress would ultimately impose some limits on spending, they would not be very tough.

"There will be a fig leaf, so people can say we are doing something to control costs," he said.

Some type of cost controls are needed to get a bill through the House, but the Senate would probably not accept strict controls, Mr. Grassley said. Thus, he said, House and Senate negotiators may end up agreeing that if Medicare spending exceeds some benchmark in the future, Congress would then decide how to respond. The possible responses, he said, include an increase in payroll taxes or premiums, a change in Medicare benefits or an infusion of general tax revenue into the program.

Lawmakers who favor a greater role for private plans have said that enrollment in such plans would be purely optional.

But Senator Debbie Stabenow, Democrat of Michigan, said the variation in premiums could push people into lower-cost private plans and could aggravate concerns about geographic inequities in Medicare.

"On one side of the country," Ms. Stabenow said on the Senate floor, "you would have people paying \$58 a month, on the other side you would have people paying \$175, for the same coverage, for the same kind of care. That is not fair. That is certainly not what we have now."

Thomas A. Scully, administrator of the federal Centers for Medicare and Medicaid Services, declined to discuss the estimates. "I don't want to touch that one," he said, noting that negotiations were at a delicate stage.

In their effort to reconcile bills passed by the House and the Senate, Congressional negotiators said they were seeking ways to cushion the effects of higher premiums on people in traditional Medicare.