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## Medicare Bill Defended in Senate

GOP Defeats Democrats on Drug Coverage; House Nears Debate

By Helen Dewar and Amy Goldstein  
Washington Post Staff Writers  
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The Republican-controlled Senate yesterday handily beat back a Democratic bid to boost the government's role in providing prescription drug coverage for elderly Americans, as legislation to revamp the Medicare program gained momentum in both chambers of Congress.

Voting 53 to 37, the Senate rejected a proposal to allow all seniors to choose a drug benefit as part of their traditional Medicare coverage, regardless of whether private insurers were available in their regions to offer such coverage.

The proposal by Sen. Debbie Stabenow (D-Mich.) was the first of many planned by Democrats who support more generous benefits and oppose what some see as incentives for the gradual privatization of Medicare, the government-run health insurance system for the elderly and disabled.

The margin of defeat suggested that Democrats have little chance of winning approval for amendments that would fundamentally alter the legislation drafted last week by a bipartisan majority of the Finance Committee. Their best prospect, Senate officials said, is a bid to encourage development of less costly generic drugs.

Meanwhile, the House Energy and Commerce Committee yesterday moved toward approving a Medicare plan written by Republicans. Echoing the tone of the Ways and Means Committee, which passed a similar bill Tuesday, Commerce's partisan debate was much sharper than were the Senate's deliberations. The Commerce and Ways and Means panels share responsibility for Medicare in the House. GOP leaders have said they want to resolve any differences in the two bills in time for the full House to consider the legislation late next week.

The House and Senate approaches would cost about \$400 billion over the next decade and would offer the first federal subsidies for medicine to all 40 million Medicare recipients. But the House versions call for stronger techniques to tip the program toward the private sector -- notably a substantial change, starting in seven years, in which the traditional fee-for-service Medicare program essentially would compete with private health plans on prices.

Trying to increase -- and reap credit for -- the momentum building in Congress, President Bush dwelled on the issue yesterday morning at a meeting with congressional leaders and at an afternoon session with 13 senators. "The work has been really strong thus far," Bush said at the start of the afternoon meeting, before it was closed to the media.

Yesterday's Senate vote went to the heart of tension between the parties over how far to go in expanding the role of private health plans within Medicare. Under the bill, seniors could obtain the new drug benefit through a private health plan or they could buy a drugs-only policy from a private insurer if they elected to stay in traditional fee-for-service Medicare. Medicare would provide "fall-back" coverage only if two competing plans were not available in the patient's region.

Stabenow's amendment would have made the Medicare option available to everyone, regardless of the availability of private plans. Republicans said such a move would undermine prospects for private competition and long-term cost savings, which the Congressional Budget Office has estimated at \$50 billion over 10 years.

"It's clearly a choice between the past and the future . . . between government central planning . . . and a marketplace that can evolve," Sen. Gordon Smith (R-Ore.) said.

Sen. Tom Harkin (D-Iowa) disagreed, saying Republicans are trying to narrow the choices to force people into private plans. If they really believe private plans are better, he asked, "why are they so afraid of providing Medicare as an option?"

In yesterday's vote, six Democrats -- Sens. Max Baucus (Mont.), John Breaux (La.), Thomas R. Carper (Del.), Mary Landrieu (La.), Zell Miller (Ga.) and Ben Nelson (Neb.) -- joined Republicans and James M. Jeffords (I-Vt.) in voting against Stabenow's proposal.

In the House Energy and Commerce Committee, lawmakers sparred over issues similar to those debated in the Senate. The panel's GOP majority repeatedly defeated Democratic efforts to provide larger government subsidies that would have covered a greater share of patients' prescription drug costs.

"The Republican bill is not a drug benefit at all. It is yet another promise of 'bribes' to private insurers" to try to coax them to offer drug insurance policies, said the ranking Democrat, Rep. John D. Dingell (Mich.). His alternative, costing an extra \$500 billion, was defeated along party lines, 27 to 25.

The committee made a concession to five rebellious Republicans who said that the government should subsidize drug costs mainly for Medicare patients with low incomes, and that private companies may prove unwilling to sell drug insurance policies to elderly people.

Under a compromise with Chairman W.J. "Billy" Tauzin (R-La.), the committee adopted an amendment, by Rep. Richard Burr (R-N.C.), that would create a drug discount card next year. The "value card" would include larger subsidies for low-income people and tax deductions for employers, relatives or friends who chip in.

The cards would last until the federal drug benefit began in 2006, but could remain available in parts of the country if no private drug insurance policies were available. Burr and other supporters said they might offer their plan as a separate bill on the floor if GOP leaders don't accept the compromise.

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