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The New York Times
ON THE WEB

June 28, 2002

House Votes to Place Prescription Drugs Under Medicare Coverage

By ROBERT PEAR

WASHINGTON, Friday, June 28 — The House passed a Republican bill early today to provide prescription drug benefits to millions of elderly people in what would be the largest expansion of Medicare since its creation in 1965.

The outlook for the legislation is extremely uncertain because Democrats in the Senate favor a much different approach, providing more extensive benefits, at a greater cost to the government.

The House vote, 221 to 208, came after a tumultuous debate on one of the hottest issues in this year's elections. It largely followed party lines, with 8 Democrats voting for the bill, and 8 Republicans voting against it.

Republicans hailed the vote as a major victory, showing their commitment to the elderly. Democrats said the bill was an election-year sham that would help insurance companies more than Medicare beneficiaries. Democrats were furious because they were not allowed to propose any amendments.

Representative Nancy L. Johnson, Republican of Connecticut, the chief sponsor of the bill, said it would assist most of the 40 million elderly and disabled people on Medicare.

"It's immoral and unconscionable not to get something to the president's desk this year," said Mrs. Johnson, who faces a serious Democratic challenge in her bid for re-election.

This morning's vote came exactly two years after the House passed a similar bill, by a vote 217 to 214, on June 28, 2000. That measure died in the Senate.

Even though Republicans wanted to highlight their concern for the elderly, they began debate on the new bill at 8:50 p.m. on Thursday, and the final vote came today at 2:30 a.m.

Representative Lloyd Doggett, Democrat of Texas, said the Republicans were acting "under cover of darkness" because they wanted to conceal weaknesses of their proposal.

Under the Republican bill, the government would pay subsidies to insurance companies to induce them to sell a product that does not now exist: insurance covering drug costs but no other medical expenses.

Representative Jerrold Nadler, Democrat of New York, derided the Republican bill as "a pitiful, pathetic, puny plan that pretends to offer seniors prescription drug care." But actually, he said, it just "gives a lot of money to insurance companies" in the hope that they will assist the elderly.

Under the "standard coverage" defined in the House Republican bill, beneficiaries would have to pay premiums of about \$33 a month and an annual deductible of \$250. Medicare would pay 80 percent of drug costs from \$251 to \$1,000 a year and 50 percent of drug costs from \$1,001 to

\$2,000. Beneficiaries would then be responsible for all drug costs until they had spent \$3,700 of their own money. Medicare would cover all drug costs beyond that.

Under the major Democratic proposals, drug benefits and premiums would be uniform throughout the country. By contrast, under the House Republican bill, private insurers would have some freedom to alter premiums and other details of coverage, within limits specified by Congress.

The chief actuary of the Medicare program has estimated that 95 percent of beneficiaries would voluntarily sign up for drug coverage under the Republican bill. The Congressional Budget Office said that 89 percent would sign up.

President Bush endorsed the House Republican bill, even though its estimated cost — \$350 billion over 10 years — far exceeds the \$190 billion he sought for the same purpose in January.

Medicare generally does not cover drugs prescribed for people outside the hospital. One-third of beneficiaries have no coverage for such costs.

Republicans said Democrats were using the issue of prescription drugs in an attempt to regain control of the House. "Democrats don't want a bill, they want the issue," said Representative Jack Kingston, Republican of Georgia.

Democrats said the bill was a step toward privatizing Medicare and was completely inadequate to meet the needs of the elderly. But Democrats were even more angry about the rules of debate, which, they said, forced them to vote against the Republican bill without being able to vote for their own alternative.

"We are reverting to Soviet-style democracy, in which the minority has no rights whatsoever," said Representative Martin Frost, Democrat of Texas.

The House Democratic leader, Richard A. Gephardt of Missouri, said on Thursday, "We have on the floor today a Republican proposal that is a sham, an illusion, a fraud." The bill would cover about one-fifth of drug costs expected for the elderly in the next decade.

Republicans control the House, with 222 of the 435 seats, and Mr. Gephardt said they prevented Democrats from proposing an alternative because "the Republicans are afraid that we might get enough votes" to pass it.

The drug plan favored by most House Democrats would cost at least \$800 billion over 10 years. John P. Feehery, a spokesman for Speaker J. Dennis Hastert of Illinois, said the Democrats were not allowed to offer their proposal because it did not "fit in the budget" adopted by the House earlier this year. The budget allows up to \$350 billion over 10 years for Medicare drug benefits.

In February, President Bush proposed spending \$190 billion over the next decade to overhaul Medicare and add drug benefits. The White House endorsed the House Republican bill Thursday night, saying it was "an important first step toward providing a long-overdue prescription drug benefit in Medicare."

The Senate plans to debate and vote on prescription drug legislation next month. Experts say the chances that the two houses can agree on a proposal acceptable to Mr. Bush are substantially less than 50-50.

Several House Republicans, sounding like Democrats, complained that the Republican bill did

little to rein in drug prices. Representative Gil Gutknecht, Republican of Minnesota, said he had been frustrated in trying to persuade party leaders to allow imports of low-cost prescription drugs from Canada and Europe.

The Food and Drug Administration and drug manufacturers have opposed relaxing the rules on imports. Such a change, they say, could expose American consumers to unsafe, impure and counterfeit drugs.

But Mr. Gutknecht said: "All these safety arguments are just bogus. There's more risk from imported strawberries than from imports of prescription drugs."

Given the importance of the prescription drug bill, Mr. Gutknecht said, "it's indefensible" for House Republican leaders to deny Democrats the opportunity to propose amendments.

Republicans defended their bill's reliance on insurance companies to devise and market drug coverage for the elderly.

"We have two choices before us, a market-style model and a Soviet-style model," said Representative John Linder, Republican of Georgia. "Medicare is a government-run program with fixed prices. Markets are more efficient than government decisions."

Democrats said few insurance companies would find it profitable to write coverage for the elderly and disabled, who together account for more than one-third of all prescriptions filled in the United States.

Representative John D. Dingell, Democrat of Michigan, dismissed the Republican bill and the process that produced it. "It's not real medicine," Mr. Dingell said. "It's a placebo. It was made in a dark, dirty factory."