

H10 Editorial

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**A MEDICARE DRUG PLAN**

**C**ONGRESSIONAL conferees, as they seek to resolve House and Senate differences on the Medicare drug issue, need to craft a bill that will offer a new benefit to elderly people without linking it to the conservative Republican ideological agenda. The Senate bill is far better than the House version in providing essential medicines while protecting the existing Medicare program.

The Senate's plan is far from perfect, but it avoids two dangerous policy options adopted by the House. The first would force the traditional Medicare program to compete with private health plans on unfavorable terms starting in 2010. People who prefer traditional Medicare would be charged higher premiums to encourage them to join private plans. Conservative Republicans take it on faith that this approach can wring savings out of Medicare, but previous efforts to do this painlessly have failed. The more likely outcome is that money would be saved by reducing quality of care. That trade-off is unacceptable.

House Republicans also used the drug bill to advance their plan to provide medical savings accounts for people under age 65. This would have no impact on Medicare but would probably drain billions of dollars from private health insurance as younger, affluent people took advantage of the tax breaks available through these accounts. This plan would also cost the government \$174 billion over 10 years — money it cannot afford to lose as bud-

get deficits worsen.

The Senate bill confines its attention to prescription drugs in the Medicare system. It would not provide the benefit to the poorest elderly: They would get drug coverage under Medicaid, as they do now. That's acceptable only if they live in Massachusetts and other states with generous Medicaid benefits. The Senate approach would go against a core principle of Medicare: that rich and poor receive the same benefits.

The Senate kept the elderly poor in Medicaid partly to hold the cost of its Medicare drug benefit to \$400 billion over 10 years. The House would offer Medicare coverage to the poor but would reduce benefits to affluent Americans. The conferees ought to ditch medical savings accounts and use some of the money saved to make the Medicare drug benefit available to elderly Americans regardless of income.

Congressional leaders had hoped to move a bill to President Bush before the recess later this month, but it will take much longer to resolve the differences between the two versions. Thirty-six Senate Democrats were right to tell the Republicans last week that they will not accept a bill that contains medical savings accounts and the preference for private plans. Congress ought to keep in mind that the purpose of the bill is to improve prescription drug coverage for elderly Americans, not conduct experiments with Medicare or the private health insurance system.

## House and Senate Face Big Job To Settle Medicare Differences

### Bush Hails Drug Plan; Leaders See Slow Process

By ROBERT PEAR

WASHINGTON, June 27 — Congressional leaders rejoiced today over passing legislation to help the elderly buy prescription drugs, but they said they would need weeks, and perhaps months, to work out differences between the versions approved by the Senate and the House early this morning.

The task of achieving a compromise was complicated by an extremely close vote in the House, where conservatives said they feared that Medicare costs might explode with the addition of new drug benefits.

President Bush praised the action by Congress on one of his top domestic priorities. But several conservative Republicans turned down personal appeals from him and voted against the bills.

The back-to-back votes in the Senate and the House suggested that Congress was breaking a stalemate that has blocked major action on Medicare for six years. The votes also held out the promise of the biggest expansion of Medicare since its creation in 1965.

Under the legislation, drug benefits would become available in 2006.

The Senate vote, 76 to 21, was overwhelmingly bipartisan. Ten Republicans and 11 Democrats voted against the bill. But 40 Republicans, 35 Democrats and 1 independent voted for it.

In the House, by contrast, the vote was much closer — 216 to 215 — and Republican leaders allowed the roll call to go for nearly an hour as they struggled to assemble a majority.

Representative Jo Ann Emerson, Republican of Missouri, helped push

the bill over the top. She switched her vote from no to yes after obtaining a commitment from Speaker J. Dennis Hastert of Illinois. He promised to hold a separate vote on Mrs. Emerson's proposal to make prescription drugs more affordable by allowing imports from Canada.

The House Republican whip, Roy Blunt of Missouri, said he had expected the close vote.

"We knew we had to win it on the floor," Mr. Blunt said. "It's the toughest vote we've had all year."

Still, House and Senate negotiators will face a big challenge in trying to reconcile the two versions. Both measures are extremely complex, and if the Senate makes substantial concessions, that could unravel the fragile coalition of bipartisan support in the Senate. Democrats view the House bill as a dangerous attempt to privatize Medicare.

Mr. Bush has said he hopes to sign a Medicare drug bill next month, but Congressional leaders refused today to set any deadlines.

"We've got to get this right," said the Senate majority leader, Bill Frist, Republican of Tennessee. "We can't afford to make mistakes or miss any details. We're going to spend whatever time it takes."

Mr. Hastert said it would be improper "to hurry this process just to get a bill signing at some appropriate time."

"We need to get the policy right," he added.

But John C. Rother, policy director of the AARP, the big lobby for older Americans, said the conference com-

Continued on Page A8

**REVAMPING MEDICARE: Two Houses, Two Parties, Two Bills****CONGRESS****House-Senate Conference Committee  
Could Take Weeks to Work on Medicare***Continued From Page A1*

mittee ought to move quickly.

"The longer this legislation hangs out there," Mr. Rother said, "the more it becomes a target for special interest groups."

Various groups are competing for the available money, \$400 billion over 10 years. Beneficiaries want more generous drug coverage. Insurance companies seek more federal money to minimize the risks of providing drug benefits to the elderly. Doctors and hospitals want higher payments for treating Medicare patients.

The Senate and House bills include subsidies and other incentives for insurers and private plans to enter the Medicare market. Dr. Frist said he had high hopes for this "public-private partnership" but knew of no firm commitment from any company to sell "drug only" insurance policies to people who remained in traditional Medicare — 88 percent of the 40 million beneficiaries.

Senator Olympia J. Snowe, Republican of Maine, a principal author of the Senate bill, said, "We are ventur-

**Conservatives, with  
an eye on health  
costs, forced a closer  
vote in the House.**

ing into uncharted territory."

The House and Senate drug benefits are generally similar, but the details differ. Sponsors say the premiums would average \$35 a month, though the measure does not specify an amount. Under the Senate bill, the beneficiary would typically have to pay a \$275 deductible, half of drug costs from \$276 to \$4,500 a year, all costs from \$4,501 to \$5,813 and 10 percent of costs beyond that.

Under the House bill, the beneficiary would typically pay a \$250 deductible, 20 percent of drug costs from \$251 to \$2,000 and all costs from \$2,001 to \$4,900. Medicare would cover all drug costs beyond that.

Negotiators will tackle this list of issues:

¶The House bill would create two types of tax-free personal savings accounts for medical expenses. The Senate bill has no such provision.

¶The Senate bill would require the government to deliver drug benefits if private plans showed no interest in a particular region. The House bill has no such backup mechanism.

¶The House bill tilts more toward the private sector. It would increase Medicare payments to health maintenance organizations and set up direct competition between private plans and traditional Medicare starting in 2010. The Senate bill has no similar provisions.

¶The Senate bill offers more generous assistance to some people with low incomes. But the House bill would require high-income people to spend more of their own money before they could qualify for certain types of drug coverage.

The conferees will also wade into a long-running battle between the makers of generic drugs and brand name drugs. Both bills would speed the approval and marketing of lower-cost generic drugs.

Nine Democrats voted for the House bill, and 19 Republicans, mostly conservatives, voted against it.

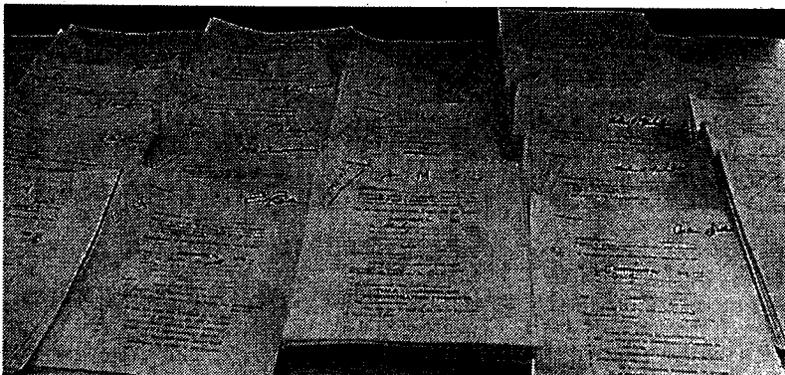
"In good conscience, as a conservative, I cannot vote to create a big new entitlement," said Representative Mike Pence, Republican of Indiana.

Mr. Hastert said, "This is not a huge government program."

But the costs could grow. Lobbyists for the elderly and their allies in Congress said they would try to expand the drug benefits in future years.

Dr. Frist, an architect of the Senate bill, savored his victory and promised to continue working closely with Democrats as the bills go to the conference committee.

Mr. Hastert expressed no desire to



Stephen Crowley/The New York Times

Copies of amendments to the Senate Medicare bill were stacked on a basement table outside the copying center as the measure was debated.



Associated Press

Speaker J. Dennis Hastert at a Republican rally for Medicare drug benefits yesterday in Washington. He said, "This is not a huge government program." Mattie Wimer of Martinsburg, W. Va., is at the right foreground.

involve House Democrats, who, he said, had worked against the Republican bill that the House passed.

Mr. Bush had originally wanted to offer more generous drug benefits in private plans as a way to induce people to leave the government-run Medicare program. Some lawmakers have suggested that the White House might push for that approach in the conference committee.

But Dr. Frist scotched the idea, saying, "I do believe in the equality of benefits."

Republicans pushed Medicare drug bills through the House in 2000 and 2002, but they died in the Senate.

The dynamic is different this year. The White House is deeply engaged. White House lobbyists hovered outside the Senate chamber for the last two weeks. And Dr. Frist has pushed the measure with a single-minded focus that has impressed his colleagues.

"I am mission driven and action oriented," he said.

Mr. Hastert said he would defend the provision of the House bill that calls for direct competition between traditional Medicare and private plans, starting in 2010. Conservatives favor such competition, saying it could save money for Medicare in

the long run.

Under the House bill, if traditional Medicare had higher costs than the private plans, its beneficiaries would have to pay higher premiums, and ultimately, Democrats say, the original program could become unaffordable for some people.

In a letter to Congress, Richard S. Foster, chief actuary of the Medicare program, said, "Premiums would be roughly 5 to 25 percent greater than under current law" for people in traditional Medicare, depending on the costs of private plans and the numbers of enrollees.