

Part B Insider (Multispecialty) Coding Alert

MEDICARE REFORM: Is The Bush Medicare Reform Plan DOA?

Nobody ever accused fee-for-service Medicare of being simple, but you might find yourself pining for its clear-cut rules if the Bush Administration's Medicare plan comes to pass.

The Bush plan would split Medicare into three separate prongs, among which seniors would have to choose:

1. **traditional Medicare**, the current fee-for-service program;
2. **enhanced Medicare**, similar to the Federal Employees Health Benefit System; and
3. **Medicare advantage**, similar to the current Medicare+Choice program.

Critics say the complexity of these three choices would baffle seniors. They predict a low rate of selection for the two alternatives to traditional Medicare, just as Medicare+Choice failed to win favor among seniors.

Early indications are that the critics may be right. Three months into a highly touted Bush pilot program to enroll Medicare recipients into preferred provider organizations, less than 1 percent of eligible beneficiaries have signed up, reports the Chicago Tribune. Seniors must pay an extra \$40 to \$75 on top of Medicare premiums to join the PPOs and obtain prescription drug coverage.

Tom Scully, administrator of the **Centers for Medicare & Medicaid Services**, blamed the low pickup rate on the health plans' bad marketing and said the program is "going gangbusters" in one New Jersey county where the health plans have marketed aggressively. The New Jersey plan has picked up 44,000 enrollees, out of only 57,000 enrollees in all 30 PPOs across the country.

Others blamed the PPOs' lack of popularity on their refusal to cover brand-name drugs that doctors prescribed.

Meanwhile, the conservative Washington Times ran a column by former **Office of Personnel Management** Director **Donald Devine** accusing the President of sabotaging his own Medicare reform plan. Bush had caved into House Republicans' demands to add a prescription drug benefit to traditional Medicare instead of using it as a "carrot" to move seniors to the other two choices, Devine wrote.

Also, Bush told the **American Medical Association** in a speech that all new plans under his program must "provide full coverage of preventive services." AFEHB-style program would be impossible to run profitably if it must cover prostate cancer screening and mammographies, Devine griped. Instead of the FEHB's diversity, enhanced Medicare would offer a "standard benefit package," sure to be the subject of massive fights over what services it would include, Devine added.

The main incentives to switch to enhanced Medicare would be a single deductible instead of the separate ones for Parts A and B, plus more sensible copayments and a stop-loss protection against catastrophic medical loss. But Devine doubted those would entice seniors.

Under those terms, "no rational insurance company would enter the business," concluded Devine.