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Medicare plan affects all seniors

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PROFOUND CHANGES are in store for Medicare, if officials in Washington have their way. While senators say that only affluent seniors will feel the affects of Medicare changes, reality suggests otherwise.

Medicare is the nation's second largest social program, providing for the health of almost 33 million elderly and disabled Americans. Medicare is not a welfare program. All elderly are eligible to benefit from it, not just low-income elderly.

But the financial health of Medicare is at stake as a result of exploding health care costs and the increasing number of elderly, which will grow even more in the coming decades with the aging of "baby boomers."

Specifically, the Medicare trust funds that workers pay into via the 2.9% employee-employer FICA taxes and \$46 monthly premiums are going bankrupt. Trust fund revenues are not keeping up with Medicare expenses.

To prevent bankruptcy, some in Congress seek to increase what are

called monthly premiums, deductibles and co-insurance that beneficiaries pay when accessing Medicare. In addition, Congress seeks to cut Medicare spending by \$115 billion in the next five years.

If Congress has its way, deductibles will rise to \$540 per senior whose income is greater than \$50,000, versus the \$100 deductible that a senior now pays. President Clinton has apparently changed his mind and will support the plan.

Another change involves raising the monthly Medicare premium on the same class of seniors, from \$46 to \$66. And, all seniors will have to pay a higher co-insurance rate, which is a percentage of the cost that beneficiaries must pay when obtaining a particular service. Right now, seniors pay a 20 percent rate with Medicare picking up the rest. With the changes, all will pay 25 percent.

Some might say that increasing charges on affluent elderly is not a bad idea. They can afford it after all. Unfortunately, these changes place at risk all recipients' access to

Medicare, not just affluent seniors.

That's because seniors also purchase 'Medigap' (private insurance) to pay the difference between what they can really afford and the deductibles, premiums and co-insurance they are required to pay upfront before accessing Medicare. Many seniors purchase Medigap, not just the affluent. Medigap premiums will go up if these upfront costs increase, according to former Congressional Budget Office Director Robert Reischauer, whether "the policy holder is poor, middle class or rich."

In other words, Medigap providers are not going to spend money and time determining which senior earns more than \$50,000, when pricing their respective policies. These providers will charge one price – the market rate to all elderly people.

Changing the rules regarding co-insurance, premiums and deductibles do not begin to address the real crisis facing Medicare: that federal officials and the medical industry must control medical costs.

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