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Medicare Law Contains Key Reforms

In its recent editorial, "Congress refuses to swallow cures for ailing Medicare," USA TODAY was too critical of Congress on Medicare. The new law that Congress adopted last year -- the Medicare Modernization Act (MMA) -- does include significant reforms to control costs and improve solvency (Our view, Medicare's future debate, March 29).

In fact, key concepts proposed by the 1999 Medicare Commission were part of the MMA. For example:

- * The commission proposed to pay private plans through a competitive bidding process rather than an arbitrary formula. The MMA adopts this concept. Twenty-five percent of the cost savings will improve Medicare's solvency and the rest will reduce beneficiary premiums or improve benefits.
- * The commission advocated allowing Medicare to compete with private plans. The MMA includes a demonstration project to test whether such competition would lower costs.
- * The commission recommended trustees notify Congress when general funds are used to pay for more than 40% of Medicare's annual outlays. The MMA adopts this rule with a 45% trigger and allows Congress to address the problem under expedited procedures.

Among other reforms, the new law accelerates the movement of generic drugs to market and provides drug plans with an incentive to negotiate lower prices. MMA also reduces fraud and abuse by reforming payment structures for infused drugs and durable medical equipment. Further, the law provides for preventive and wellness services to help avoid more costly and invasive procedures. Wealthier seniors will pay a higher monthly premium for their doctor visits, and the deductible for doctor visits will better reflect current costs.

Democrats' alternative to this new law was a \$1 trillion bill without these crucial reforms. Although I advocated for stronger reforms to improve the overall solvency of Medicare, the new law includes significant reforms and is a good start.

Rep. Bill Thomas, R-Calif.

Chair, Ways and Means Committee