



OTHER VOICES

“A Democratic takeover of the House, the Senate or both would embolden congressional Democrats to pass any number of bills favoring their preferred agenda (assuming they keep their members in line). But they would do so knowing that Bush could and probably would veto them. ... The resulting stalemate would be politically milked by both sides. But would the nation’s pressing domestic problems— lax fiscal discipline, ballooning entitlement costs, challenges involving healthcare and immigration—be any closer to receiving serious attention? The same question, though, could be asked of Republicans.”

— Omaha (Neb.) World-Herald

You must remember this ...

Seniors shouldn't be shocked! Shocked! to learn perils of Medicare managed care

Capt. Renault: What in heaven’s name brought you to Casablanca?
Rick: My health. I came to Casablanca for the waters.
Renault: Waters? What waters? We’re in the desert.
Rick: I was misinformed.

— Claude Rains and Humphrey Bogart in “Casablanca”

Humana is offering free screenings of one of the great movies of all time—“Casablanca”—to seniors in theaters nationwide. Well, not entirely free. Before the film, the seniors are shown a short film about Humana’s Medicare plans that highlights the positive experiences of members.

This isn’t to suggest that seniors should avoid these events. Far from it. “Casablanca,” with its theme of compassion and principle overcoming greed and cynicism, is a film as relevant to these times as to the war-ravaged 1940s in which it was produced. And by all means, seniors should gather as much information as possible in making important decisions such as those about health coverage. But before they sign anything, Medicare beneficiaries should realize that we have seen this before. I’m not talking about “Casablanca,” but the story of Medicare managed-care plans. Seniors, and all Americans who care about the nation’s health, should read reporter Laura B. Benko’s special report in last week’s issue (Oct. 30, p. 24) before committing to any policy, personal or public.

As Benko notes, the federal government turned to private insurers years ago to rein in escalating Medicare spending. The idea was that the private sector would instill good old American business efficiency, save the government money and make a tidy profit. Instead, the insurers soon wailed about inadequate rates under what was then called the Medicare+Choice program—whose enrollment swelled in the 1990s—and began fleeing markets like the World War II refugees streaming through Rick’s Cafe Americain. In 2001 alone, 118 health plans exited at

least one market, leaving 934,000 beneficiaries scrambling for coverage.

Years later, the Bush administration is now pushing the private plans, this time through the renamed Medicare Advantage program. The bait is \$60 billion in financial incentives over the next decade and annual Medicare reimbursement rates currently at \$10,000 per enrollee. Big-name companies such as Aetna, Humana and UnitedHealth Group are rolling back into what was once thought to be a desert. Some insurers are also going after Medicare fee-for-service plans, which are virtually indistinguishable from conventional coverage.

Perhaps things will turn out differently this time, but don’t bet on it. Uncle Sam hasn’t saved anything so far through Medicare Advantage. According to the Medicare Payment Advisory Commission, Medicare Advantage plans were paid 7% to 11% more per member than it would have cost the government to cover those beneficiaries itself. It’s hard to see the government continuing to subsidize something so counterproductive, especially as the federal deficit and Medicare’s financial situation worsen. Such concerns triggered the Balanced Budget Act of 1997, which helped sink Medicare+Choice.

On the other hand, logic hasn’t prevailed so far. Despite the disappointing history and flawed economics, the administration has embraced a hybrid of free-market ideology and corporate welfare. Administration officials get up in the morning,

put on their Adam Smith neckties and dole out dollars to businesspeople who wouldn’t touch the proposition without socialist-style subsidies. We’re paying private companies extra money to save money. It reminds me of Sydney Greenstreet’s character in “Casablanca” acknowledging the “incidental expenses” he would rack up delivering the letters of transit.

Good luck to seniors and the country. Maybe this experiment in privatization will turn out to be a boon. In the meantime, Medicare beneficiaries should check out the history and the government’s promises. Better not to be left in the desert, misinformed.



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