

June 18, 2003

House Committee Approves Drug Benefits for Medicare

By **ROBIN TONER** and **ROBERT PEAR**

WASHINGTON, June 17 — An important House committee approved a bill tonight adding prescription drug benefits to Medicare after an impassioned partisan debate over the proper roles of government and private industry in delivering health care to the elderly.

The 25-to-15 vote in the Ways and Means Committee was a big step to ensure that the bill would reach the House floor next week, as House Republican leaders have promised. But the committee's deliberations were full of partisan rancor, in contrast to the spirit of bipartisan cooperation that has characterized work on a similar bill in the Senate.

House Republicans said they were not shy about expanding Medicare. "We are adding the biggest new benefit that has ever been added to Medicare since the program was founded," said Representative Nancy L. Johnson, Republican of Connecticut.

But they insisted that private insurers and health plans should have a larger role in Medicare, to avoid any possibility that the government might set drug prices.

By a vote of 23 to 15, the committee rejected a Democratic proposal stipulating that the government would offer its own prescription drug plan, in addition to any that might be offered by private insurance companies. It would cost elderly people \$35 a month, the estimated average of premiums to be charged by private plans.

Representative Benjamin L. Cardin, Democrat of Maryland, said the government needed to offer its own prescription drug plan, in case private insurers refused to do so.

But Republicans denounced the Democrats' proposal. "Any company would be foolish to try to compete with the resources of the federal government," said Representative Jim McCrery, Republican of Louisiana. Mrs. Johnson said she wanted to be sure the government could not dictate prices or establish a national list of preferred drugs.

The Senate bill also relies on private insurers to provide drug coverage, but if there were fewer than two private drug plans in any region, the government would step in to offer coverage.

Congressional Republicans, urged on by President Bush, are racing to pass legislation that offers prescription drug coverage to the 40 million elderly and disabled Americans in the Medicare program.

The legislation advancing in the Senate has strong bipartisan support, although many amendments are expected, particularly from Democrats seeking to make the drug benefit more generous and to expand the federal role in delivering it.

There were also signs of Republican discontent today, as conservatives complained that the Senate bill already calls for a costly expansion of the federal role in the program.

Still, many Republican senators said the center was holding. "Are we going to have 100 people voting for this bill?" asked Bill Frist of Tennessee, the majority leader. "Absolutely not." But Dr. Frist noted that the Finance Committee had approved the bill by a bipartisan vote of 16 to 5, and he said, "I expect that's the way it will be throughout the floor real shortly."

The bill advancing in two House committees — Ways and Means, and Energy and Commerce — was drafted almost entirely by Republicans.

House Democrats denounced that bill today as an effort to dismantle traditional Medicare.

But the House majority leader, Tom DeLay, Republican of Texas, ridiculed the Democrats. "All they can do is try to scare seniors, and that hasn't worked for the last eight and a half years, and it's not going to work now," Mr. DeLay said.

Representative Nancy Pelosi of California, the House Democratic leader, said the House Republican bill would eventually "turn Medicare into a voucher program," without defined, guaranteed benefits.

The contrast between the House and the Senate suggests a difficult task ahead in reconciling the bills likely to emerge from the two chambers. Republican leaders said the Senate and the House would vote on the legislation prior to their Fourth of July recess, and the two groups hope to hammer out differences by the end of the summer.

Senator Edward M. Kennedy, Democrat of Massachusetts, an influential supporter of the bipartisan Senate bill, was already warning on the floor tonight that one provision of the House bill was unacceptable.

That provision would set up direct competition between private plans and the traditional Medicare program, beginning in 2010. 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.

Mr. Kennedy said the House provision "could destroy our bipartisan compromise" and "force senior citizens into H.M.O.'s and other private insurance plans." Mr. Kennedy described this as "a poison pill that could kill the prospects for reform and destroy all the progress that has been made in the Senate."

Thomas A. Scully, administrator of the federal Centers for Medicare and Medicaid Services, noted today that Mr. Bush had not recommended such a provision.

"Philosophically," Mr. Scully said, "you could make a good argument for it. But — and this is where we become concerned — it could potentially impact premiums, and we are very concerned about protecting premiums to make sure they don't go up."

Representative John D. Dingell of Michigan, the senior Democrat on the Energy and Commerce Committee, asserted that under the House bill, traditional Medicare would "wither and die" after 2010. Healthy, well-to-do elderly people would be more likely to join private plans, leaving traditional Medicare with "high-cost, high-risk beneficiaries," Mr. Dingell said.

The House and Senate bills are each estimated to cost \$400 billion over the next decade. Under both bills, new drug coverage would become available in 2006 to all beneficiaries, in the traditional Medicare program and in private plans.

For all the bitterness today, the House is expected to pass its Medicare bill. The Republican-controlled House has twice passed bills adding drug benefits to Medicare, in 2000 and 2002, but the measures died in the Senate.

Conservative Republicans were showing some signs of nervousness about the Senate bill. Senator Rick Santorum, Republican of Pennsylvania and chairman of the Senate Republican Conference, said there was anxiety among Republicans when they were asked to support legislation embraced by Mr. Kennedy.

After a party caucus to discuss the bill today, Senator Chuck Hagel, Republican of Nebraska, said, "The more you dig down into it, the more questions our caucus has about it."

Asked if Republican support for the bill was shaky, Senator Trent Lott, Republican of Mississippi, said, "It's shaky where I'm concerned." But Senator Judd Gregg, Republican of New Hampshire, said the bill was still "on a fast track."

Members of both parties expressed concern that the legislation, by offering new drug benefits under Medicare, would give employers incentive to curtail the drug coverage they now provide to retired workers.

The Congressional Budget Office estimates that 32 percent of retired workers with employer-sponsored drug coverage would lose it under the House bill. The comparable figure for the Senate bill is 37 percent.

Much of the Senate debate today centered on the drug benefit. The bill's sponsors have said the premium for drug coverage would average \$35 a month, and the standard benefit would involve a \$275 deductible and then a 50 percent co-payment on drug costs up to \$4,500. At that point, a coverage gap kicks in, and the beneficiary would be responsible for all drug costs until total spending reaches about \$5,800. Above that, Medicare picks up 90 percent of the costs.

That coverage gap is controversial, and Democrats plan to offer an amendment to help close it. But sponsors of the bill said that closing that gap would be extremely expensive.