

Medicare Bill Has Close Call;220-215 House Vote Sends

Drug Coverage to Senate

Jill Zuckman - Chicago Tribune

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Legislation to give prescription drug coverage to the nation's 40 million senior citizens squeaked through the House early Saturday after an epic, three-hour vote during which Republican leaders stalked the aisles, twisting arms and debating policy with recalcitrant conservatives.

The vote was 220-215, with 16 Democrats joining 204 Republicans in favor of the 10-year, \$395 billion expansion of Medicare. In Illinois, 1,664,780 Medicare recipients would qualify for the new drug coverage.

House members from Illinois voted along party lines, with the 10 Republicans voting for the historic changes to Medicare and the nine Democrats voting against it.

The Senate began debating the bill Saturday, with a final vote expected Monday.

In a sign of just how politically important the legislation is to President Bush and his party, House Republican leaders refused to gavel the vote to a close when they were two votes short of victory. Between 3 a.m. and 6 a.m., House Speaker Dennis Hastert (R-Ill.) and other GOP leaders tried to persuade fellow Republicans to switch their votes and support the proposal.

"I wasn't about to give it up until we got it done," Hastert said as he left the floor at dawn.

But outraged Democrats said they were robbed, right along with America's senior citizens.

"Never have I seen such a grotesque, arbitrary and gross abuse of power," said Rep. John Dingell (D-Mich.), a member of the House since 1955.

The benefits

The plan, which was endorsed by the seniors advocacy group AARP, would provide a prescription drug card beginning in 2004 with discounts of 15 percent or greater, and low-income seniors would receive an additional \$600-a-year subsidy.

Beginning in 2006, seniors could enroll in a drug plan or join a private health insurance plan that offered drug coverage. Premiums would cost about \$35 a month and there would be a \$250 deductible. After that, insurance would cover 75 percent of drug costs up to \$2,250 a year.

The president, who engaged in last-minute, early-morning lobbying from the White House, praised the final House action and urged the Senate to follow suit.

"I applaud the House for meeting our obligations to America's seniors," Bush said in a statement. "Now it is time for the Senate to act. I urge the Senate to pass this good piece of legislation so that I can sign it into law."

With many Senate Democrats having announced their support for the agreement, approval in the upper chamber was considered likely.

In the House, Democrats denounced the legislation, which was primarily crafted by Republicans, as a bad deal for senior citizens that would put Medicare itself in peril.

Rep. Jan **Schakowsky** (D-Ill.) displayed a blown-up photograph from the Tribune showing furious seniors surrounding the car of then-Rep. Dan Rostenkowski (D-Ill.) on Aug. 17, 1989. Congress had passed legislation providing catastrophic health coverage and senior citizens did not like it.

"They didn't check with the seniors, and we're about to make the same mistake tonight," **Schakowsky**

warned as she picked up a pair of sneakers. "If you vote for this, you better get your running shoes because the senior citizens will be after you."

GOP leaders stymied

Many Republicans, however, argued that the current legislation is an important first step that can be improved upon later.

"Why would you rather give our seniors nothing at all than give them the help that this plan will provide?" asked Rep. Deborah Pryce (R-Ohio). "Don't let the perfect be the enemy of the very good."

But Hastert and his leadership team were stymied by close to 30 Republicans who were deeply

troubled by the bill. Most complained that the expansion of the federal government would impose a heavy cost on taxpayers that was likely to balloon out of control. A second group was furious that their effort to allow Americans to buy prescription drugs abroad had been neutralized by clever legislative language.

Rep. Dan Burton (R-Ind.), an advocate for reimporting drugs, said the average senior would pay \$4,000 before receiving the first \$1,500 in benefits. Employers, he said, would stop providing drug coverage to retirees, and the federal government would be prohibited from negotiating prices with pharmaceutical companies.

"That's just not right," Burton said.

Rep. Mike Pence (R-Ind.) said Republicans are supposed to be the party of Barry Goldwater and Ronald Reagan, fiscal conservatives opposed to big government and loose spending.

"We must not become the party of entitlements," Pence said.

3 changed vote

After hours of intense conversations, both on and off the House floor, three conservative Republicans walked to the well and changed their votes from nay to aye: Butch Otter of Idaho, Ernest Istook of Oklahoma and Trent Franks of Arizona.

"They spent billions of dollars of the taxpayers' money trying to win that vote," said House Democratic Leader Nancy Pelosi (D-Calif.).

Pence cast a no vote, as did two other Republicans, John Hostettler of Indiana and Nick Smith of Michigan. Otherwise, lawmakers from Indiana, Michigan and Wisconsin voted along party lines.

Aides to Hastert insisted that the conversations were about political philosophy, not pork-barrel projects or presidential appointments.

"It wasn't people holding out for this, that or the other thing," said Mike Stokke, Hastert's deputy chief of staff.

In an effort to obtain a winning margin, Republican leaders had already included \$25 billion for rural health care to boost Medicare payments to doctors and hospitals, particularly in the Midwest and West. Planned cuts in reimbursements to doctors in general were rescinded in favor of a 1.5 percent increase.

Also included in the bill are health savings accounts, a favorite of conservatives, which would allow people to shelter income from taxes for future medical expenses.

Many conservatives had hoped to pit traditional Medicare against private insurance companies in an effort to instill competition and rein in costs. That plan was anathema to Democrats and to

AARP, and Republican leaders opted instead for a six-city pilot program to win AARP's backing.

The prescription benefit would provide no coverage after the first \$2,250 in drug costs and would not resume until a senior citizen had spent \$3,600 out of pocket. At that point, the insurance would cover 95 percent of drug costs.

For low-income seniors earning less than \$12,123 a year, the premium, deductible and gap in coverage would be waived. Those subsidies would be phased out for people earning up to \$13,500 a year.

The legislation also includes tax-free subsidies worth nearly \$70 billion for employers who continue to provide prescription drug coverage for their retired employees.

Income trigger for premiums

For the first time in Medicare's 38-year history, the legislation would require seniors with annual incomes of more than \$80,000 to pay higher premiums under Medicare Part B, which covers medical services outside the hospital. The size of those premiums would increase to as much as 80 percent for people with incomes above \$200,000.

The bill essentially would prevent Americans from buying drugs in Canada by requiring the Department of Health and Human Services to first certify that it is safe to do so. The agency's head, Tommy Thompson, has said he would not do that.

In an interview, Hastert called the reimportation effort "a sham" and "a false promise." He said Canadians should pay more for their drugs to cover the cost of pharmaceutical research and development rather than Americans paying less by buying their medicine abroad.

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Highlights of the Medicare bill

INTERIM DRUG CARD

In 2004 and 2005, older Americans would qualify to buy a discount card that the Bush administration estimates would yield drug-cost savings of at least 15 percent; low-income senior citizens also would get an annual subsidy of \$600 to defray costs.

MAIN DRUG BENEFIT

Beginning in 2006, Medicare beneficiaries could sign up for a stand-alone drug plan or join a private health plan that offered drug coverage. They would pay an estimated premium of \$35 a month; after a \$250 deductible, insurance would pay 75 percent of drug costs up to \$2,250 a year.

But there would be no coverage for out-of-pocket expenses until the expenses reached \$3,600, after which point insurance would cover 95 percent of drug costs or require a modest copayment. The premium, deductible and coverage gap would be waived for people earning up to \$12,123 a year.

OTHER CHANGES

- Medicare beneficiaries with incomes greater than \$80,000 would pay a larger Part B premium, based on a sliding scale; now, beneficiaries pay 25 percent of the premium.
- Beginning in 2010, traditional Medicare would face competition from private plans in six metropolitan areas; the competition would last six years.
- Generic drugs would be speeded to market by limiting the ability of pharmaceutical companies to block cheaper equivalents.
- Prescription drugs from Canada could be imported only if the Department of Health and Human Services certified their safety, which it has declined to do.
- Planned cuts in physician payments in 2004 and 2005 would be blocked; payments, instead, would increase by 1.5 percent.