

OCTOBER 26, 2000

**SCHAKOWSKY OPPOSES BILL GIVING BILLIONS TO HMOS AND NOT ENOUGH TO HEALTHCARE PROVIDERS CARING FOR SENIORS AND PERSONS WITH DISABILITIES**

WASHINGTON, D.C. -- Like many of my colleagues, I believe that we need to make changes in 1997 Balanced Budget Act to restore cuts made to Medicare and Medicaid. Unlike the authors of the provisions in H.R. 2614 that we are discussing today, I believe that increased payments deserve to go to those entities that actually provide health care to our nation's senior citizens and persons with disabilities.

There are some important provisions in this bill. I am extremely pleased with the provision to protect Illinois and other states that stand to lose needed Medicaid funds under a proposed change regarding intergovernmental transfer provisions. This is an important provision that will allow my state and others to continue to provide needed care to the uninsured and the underinsured. But overall, this bill ignores critical priorities, falls far short of what is needed, and actually undermines some protections that many of us have fought so hard to win over the past few years.

A major problem is the decision to reward Medicare HMOs instead of directing more resources to actual care providers. Only 16 percent of Medicare's 39 million beneficiaries are in Medicare+Choice, managed care plans. Yet, over the next five years, those plans would receive 40 percent of the newly restored payments under H.R. 2614. Over a ten-year period, nearly half of the new payments would go to Medicare HMOs. Of course, the 84 percent of beneficiaries who are not in Medicare managed care won't get their fair share under this proposal. But there is no guarantee that Medicare+Choice enrollees will benefit, either.

There is no requirement under this bill that Medicare managed care plans pass any of those increased payments through to hospitals, doctors, nursing homes, home health agencies or hospice providers. There is no guarantee that, even with those new payments, Medicare+Choice plans will stay in the market. Last year, we increased Medicare+Choice payments and 934,000 beneficiaries still received letters in the mail saying that their plan was going to leave them high and dry. Yet, Medicare HMOs would get 40 percent of new payments, despite the lack of accountability and guaranteed coverage and despite reports by the General Accounting Office that in 1998 alone Medicare spent \$5 billion more on those beneficiaries in Medicare+Choice plans than if those enrollees had been in traditional Medicare.

Instead of spending billions of dollars on Medicare HMOs that are here today and gone tomorrow, I would rather spend those dollars to provide direct payments to hospitals, particularly those that serve a disproportionate share of low-income and uninsured patients and provide critical teaching services. I would rather delay the 15 percent reduction in home health spending for another two years, provide nursing home quality

grants and support efforts to move individuals to home and community-based care.

I am particularly concerned that this bill does not provide adequate funding for hospice and palliative care services. We are all concerned about the high price of prescription drugs, but this is a particular problem for hospice organizations that rely on prescription drugs to provide critical pain relief to terminally ill patients. When Medicare established payment rates for hospice services in the 1980s, medication costs represented about \$1 of the daily rate. Today, those costs have increased by about 1500%, to \$16 a day. Yet, payment rates have not kept pace and the result is that many hospice care entities are struggling to survive. In fact, as a Milliman and Robertson study conducted in response to a Congressional directive concluded, 'the trend is clear that Medicare hospice per diem payments do not cover the costs of hospice care and result in significant financial losses to hospice programs throughout the country.'

We could be acting today to provide health care for legal immigrant pregnant women and children, to adopt the Family Opportunity Act, to extend health coverage for people leaving welfare for work, to eliminate the Medicare waiting period for persons with ALS, and to expand the State Children's Health Insurance Program. H.R. 2614 ignores these very real priorities in favor of Medicare HMOs. This is the wrong priority, and I hope that my colleagues will reject this bill.

We have time to engage in real negotiations, to debate fairly and to respond to the needs of patients. We can and we must act before we go home this year to pass real, meaningful and pro-patient changes to the 1997 Balanced Budget Act.