

# Medicare Premiums Would Soar Under New Option in GOP Plan

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Monthly Medicare premiums could more than double for all beneficiaries and quadruple for those with high incomes under a revised version of a Republican plan to overhaul Medicare recently drafted by the staff of the House Ways and Means Committee.

The new document lists options for restructuring Medicare and carrying out a GOP plan to cut Medicare growth by \$270 billion over the next seven years, an unprecedented reduction that is the most politically explosive and technically difficult issue facing Congress.

The committee memorandum, which was obtained yesterday by The Washington Post, suggests far greater cost increases to beneficiaries than previous GOP proposals that have reached the public eye this summer. However, the documents offer only a snapshot view of what congressional sources depict as a continuously evolving range of options.

"No decisions have been made," said Charles Kahn Jr. the top GOP health staff aide on Ways and Means. Ari Fleischer, committee GOP spokesman, insisted that the doubling of premiums described in the memorandum "won't happen."

Increasing those premiums, which help pay for the doctor care portion of Medicare (Part B), is one of the easiest means the government has to reduce its Medicare costs. Monthly premiums are now \$46.10 per person and are set to cover about 31 percent of the costs. Under current law this will drop to 25 percent next year and a smaller percent later. The government pays the rest of the Part B premium

cost from general revenues.

Under the GOP memorandum, the premiums would be raised. Four options are given—keeping them at 31 percent, raising them to 33 percent, 35 percent or—a new option—50 percent. According to calculations by one expert, this jump would more than double premiums by the year 2002 com-

pared to what they would be under current law.

In another new option premiums for single people with incomes over \$75,000 and couples with income over \$150,000 would be increased enough to cover the full cost of their Part B entitlement, quadrupling their

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current rate to roughly \$320 a month per person.

In addition, the \$100 a year deductible that beneficiaries must pay out of pocket on doctor bills before Medicare starts paying their doctor bills would be increased. Three options are given: \$150, \$200 and \$250. Then it would be raised annually to keep up with inflation.

Republicans argue that major reductions in the growth of Medicare are the only way to save the medical insurance system for the elderly from a crippling financial disaster. President Clinton and many Democrats insist that the Republicans are merely trying to finance their proposed tax cut with the Medicare cuts and that

much slower reductions in spending would be more effective.

As Congress goes home for the summer, the political battle over the issue is expected to transfer to home districts with numerous grass-roots meetings, rallies and seminars from both parties in an effort to win the hearts, minds and votes of the nation's 37 million Medicare beneficiaries.

As outlined in numerous speeches by House Speaker Newt Gingrich (R-Ga.) and other GOP leaders and in staff papers, Republicans would give Medicare beneficiaries the option of receiving a government-funded voucher and using it to buy a government-certified private health plan. They could also choose to stay in the traditional fee-for-service plan. In addition, various cuts in payments to doctors and hospitals would be made, and beneficiaries would have to pay more for some services or benefits than now.

In the memorandum obtained yesterday, the states rather than

the secretary of health and human services would certify which private plans would be eligible for purchase with the vouchers. In addition, such plans would not have to include the same benefits as Medicare but only the actuarial equivalent, which could make it more difficult for seniors to compare the private plans and choose one over the other.

The new memo also spells out the details of a possible "Medi-save" plan that seniors could purchase on the private market, to be called "Healthbank" plans. If they joined this plan they would use part of their voucher money to buy a catastrophic insurance plan kicking in when their expenses exceeded \$5,000. But seniors would have to pay a substantial part of that first \$5,000 out of their own pocket.

The new memo also spells out that Medicare payments to hospitals for training of interns and residents could be cut more than one-third, and for hospital capital costs by 10 percent to 15 percent. Another option: freezing the number of doctor residency positions per hospital.