

EDITORIAL: New Thinking on Medicare

- *Chicago Tribune*
September 25, 2006

Right now, all seniors in Medicare pay the same premiums. You can be a billionaire or just scraping by. Same deal.

Finally, that's about to change.

Starting Jan. 1, for the first time, the monthly cost of one part of Medicare--for doctor and outpatient bills--will be pegged to income. People with incomes of more than \$80,000--a fraction of all recipients--will pay more than the rest of the Medicare population.

For people who earn more than \$80,000, or couples who earn more than \$160,000, premiums will jump from \$88.50 to about \$106. That amount goes up even more for seniors with higher incomes. For the wealthiest seniors, with incomes of more than \$200,000, the monthly premium would go to about \$162.

Congress approved the surcharge in 2003 while it was digging an even bigger fiscal hole for Medicare by passing a hugely expensive prescription drug benefit.

This is a monumental shift in thinking about Medicare, long overdue. The dollars aren't huge: The charge is expected to raise an extra \$20.8 billion over 10 years, said Medicare chief Mark McClellan. That's nowhere near enough to offset the long term Medicare-funding shortfall, caused by spiraling health-care costs and aging Baby Boomers. But it is a refreshing dose of reality.

Who can argue with this idea? Well, some critics warn that wealthy seniors may abandon that part of Medicare for private insurance rather than pay the higher premiums, leaving the program with sicker and poorer recipients. Sure, Medicare may lose a few well-heeled seniors to private insurance. But most won't budge because they know that Medicare is far and away the best deal going for seniors. You never have to worry that they'll cancel your coverage if you get really sick. Isn't that worth an extra outlay, particularly if you're making upwards of \$200,000 a year in retirement?

Of course, this is no panacea.

The history of Medicare--of all American health care--shows that spending trends only one way: up. Medicare officials need to do more than just dig their hands deeper into seniors' pockets. Costs must be controlled. And that means far more profound reforms.

Much of what challenges Medicare also confounds efforts to tame costs in all of American health care. There's too much waste. Too many mistakes, too many unnecessary procedures and ineffective treatments that soak up billions of dollars. Not enough focus on prevention.

Health and Human Services Secretary Michael Leavitt recently told the Tribune editorial board about the federal government's initial efforts to create a more transparent system, so that patients know what things cost and can judge efforts by doctors and hospitals to deliver quality care. He described a system that would give patients, at a glance, vital information to judge cost and quality when deciding on a doctor or a hospital. Creating market competition in medical care is one of the main hopes for controlling health-care costs. That way, affluent seniors asked to shoulder more of their own medical costs will get their money's worth.