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Medicare Plan Covering Drugs Backed by AARP (NYT)

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By ROBERT PEAR and ROBIN TONER

WASHINGTON, Nov. 17 - AARP, the largest and most influential organization of older Americans, threw its weight behind a bill on Monday that offers drug benefits to the elderly as part of the biggest transformation of Medicare in its 38-year history.

President Bush and Republican leaders in Congress stepped up their efforts to win votes for the legislation, which would give private health insurance companies a huge new role in Medicare. AARP's endorsement, long coveted by Republicans in Congress, was considered a critical step in the drive for passage of the legislation this year.

The endorsement provides a seal of approval from an organization with 35 million members. Republicans hope it also provides political cover against charges by some Democrats that the bill would undermine the federal insurance program for the elderly and disabled. The group will support the bill with \$7 million worth of newspaper and television advertising this week, and officials said it was prepared to spend more.

Still, some Democrats, led by Senator Edward M. Kennedy of Massachusetts, escalated their attacks on the legislation.

Mr. Kennedy called the legislation a dangerous attempt to privatize Medicare, "using our seniors as guinea pigs."

Many Senate Democrats were clearly torn over the bill, which delivers a prescription drug benefit the party has sought for many years but would also, many contend, undermine the program over the long term.

Mr. Kennedy stopped short of threatening a filibuster to block the bill, which is expected to gain support from some moderate and conservative Democrats. Democrats were expected to discuss the measure in a caucus on Tuesday. But leading Republican strategists said they did not expect a filibuster because, they asserted, the political fallout for the Democrats from blocking a vote would be so great.

After Mr. Kennedy's scathing remarks on Monday, Senator Mitch McConnell of Kentucky, the assistant Republican leader, defended the legislation on the Senate floor. "This is a good deal for America's seniors," he said. "We'll have all of this unless the Senate obstructs it."

Republican spokesmen expressed confidence that they could sell the plan to their own ranks, including conservatives long troubled by such a large expansion of an entitlement program. "We're very upbeat," said John P. Feehery, spokesman for J. Dennis Hastert of Illinois, speaker of the House.

But the vote counts are only beginning, and the text of the legislation is still unavailable to most lawmakers.

The sweeping legislation, estimated to cost \$400 billion

over 10 years, offers outpatient drug coverage for the first time to the 40 million Medicare beneficiaries.

But the biggest issue in the coming battle is not the drug benefits. In the complicated compromise that produced the legislation, Republicans insisted on many provisions intended to inject market forces and more competition into Medicare, which they argue will ultimately lead to better, more cost-effective care.

Liberal Democrats say the changes would destabilize the whole program, increase premiums for people in traditional Medicare and coerce them into joining private health plans. Under the bill, Mr. Kennedy argued on the floor on Monday, Congress would provide lavish subsidies to private health plans, giving them an unfair advantage in competition with the traditional government-run Medicare program.

Another battle looms over a section of the bill that would establish a new mechanism to hold down Medicare costs, by setting limits on the use of general tax revenues.

Republicans say this would force the president and Congress to be fiscally responsible. Democrats say it would encourage Congress to cut Medicare benefits and increase premiums.

The drug benefit itself falls short of what many working people typically receive. Scheduled to begin in 2006, the benefit would cover 75 percent of an individual's drug costs up to \$2,200 a year, with premiums averaging \$35 a month and a deductible of \$275 a year. Medicare would then pay nothing until the beneficiary had spent \$3,600 out of pocket. Medicare would pay 95 percent of the cost of each prescription beyond that.

In an interview, William D. Novelli, chief executive of AARP, said: "We strongly support the legislation and will work hard for its passage. This is not a perfect bill, but America cannot wait for perfect. The bill provides a lot of help for low-income people and people with high drug costs, and it has strong incentives to prevent employers from dropping coverage for retirees."

Republicans working on the bill have frequently consulted AARP, formerly known as the American Association of Retired Persons. The endorsement infuriated some of AARP's usual allies in the Democratic Party and labor unions.

"We are very troubled by the posture of AARP during negotiations over the Medicare drug legislation," said Alan V. Reuther, legislative director of the United Automobile

Workers. "It appears AARP has made a decision that it wants to cozy up to the administration. It's buying into a bill that will make many seniors worse off in terms of their health coverage."

The Democratic leader of the House, Representative Nancy Pelosi of California, said she was "deeply disappointed that AARP's national leadership has been co-opted by Republicans."

Senator Tom Daschle of South Dakota, the Senate Democratic leader, said, "When seniors see the details of the Republican plan, the AARP leadership will regret this ill-advised decision."

Democrats said the group's leaders were out of touch with their members. In 1988, they noted, the group endorsed a

bill expanding Medicare to cover catastrophic costs, only to see it repealed a year later after an outcry from the elderly, who said the added benefit was not worth the extra cost.

But AARP executives said they desperately wanted to establish a basic drug benefit, and Mr. Novelli said his group would ask Congress to expand it in the future. Under the bill, Mr. Novelli said, "two-thirds of Medicare beneficiaries will be better off with regard to drug coverage."

The legislation, expected to reach the floor of both chambers before Thanksgiving, is the product of months of negotiations. The House and the Senate passed sharply differing versions of the bill last summer. Now the agreement reached over the weekend moves the legislation

closer to enactment than ever before.

For all their optimism, Republican leaders still face divisions in their ranks. Representative Jeff Flake, Republican of Arizona, said, "The enormous cost of this proposal will only hasten Medicare's insolvency." The bill, Mr. Flake said, violates the conservative principle of limited government and looks like "an extremely expensive way to buy votes."

The political stakes for both parties are immense.

Republicans are eager to produce a benefit long promised to a critical voting group.

Liberal Democrats with qualms about the legislation face complicated calculations on both policy and political grounds. Should they vote against it, and hope that another

opportunity to create a better bill comes around again? Or should they take the chance on what they see as a flawed measure?

"Getting a large benefit for lots of people that didn't exist before is very alluring," said Senator Charles E.

Schumer, Democrat of New York. Yet Mr. Schumer said he had grave concerns about other parts of the bill that he called "a total sellout to the pharmaceutical industry." He concluded, "I think people are in a real quandary."

The question of whether to filibuster is equally fraught.

Some Democrats argue that those who oppose the bill should vote against it, but let it become law, convinced that it will prove to be profoundly unpopular with the elderly.

Making the case for a change would then become far easier.

Moreover, they say, a filibuster would give the Republicans

a powerful weapon against Democrats next year, when they
could accuse Democrats of obstructionism.

David E. Rosenbaum contributed reporting for this article.

<http://www.nytimes.com/2003/11/18/politics/18MEDI.html?ex=1070158803&ei=1&en=37da79f7645c1469>