Medicare Modernization Act and its Impact on Access to Affordable Health Care: The Privatization of Medicare

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Abstract

What "Modernization of Medicare" means is unclear to many Americans. The Bush administration and some members of Congress translate modernization to mean the inclusion of a prescription drug coverage program. Others see the Medicare Modernization Act as a way to bankrupt Medicare in order to privatize the system. The primary health policy focus of this controversy is whether a market-based system can deliver equal or improved access to affordable quality health care.

Affordable health care has not been a reality in the private health care market. Cost containment measures implemented by Medicare have exceeded those of other insurance providers and the Federal Employee Health Benefits Plan (FEHBP). According to Public Citizen, a congressional watchdog group, private plans are unreliable. They cite a CMS report, which revealed that from 1998 to 2003 over 2.4 million incidents occurred in which Medicare enrollees had been adversely affected by HMOs and Medicare Plus Choice plans that reduced services or left certain areas completely. In 2001, 13% of those enrolled in managed care plans were dumped. The report points out seventeen states have no Medicare HMO plan that offers drug coverage – an 89% increase from 1999.

Privatizing Medicare is not the best choice for the American seniors. Private plans will not stay in the high-risk pool if certain profits are not realized. Traditional Medicare’s guaranteed coverage and superior cost efficiency and cost containment measures have not been matched by private insurers.