

RAHALL

Weekly Report

"MEDICARE PROVISIONS OF THE TAX BILL"

BY CONGRESSMAN NICK RAHALL

IN THE DAYS SINCE CONGRESS APPROVED PRESIDENT REAGAN'S TAX BILL, MUCH CONCERN HAS BEEN EXPRESSED BY OLDER AMERICANS CONCERNING PROVISIONS CONTAINED IN THE TAX BILL WHICH DEAL WITH THE MEDICARE PROGRAM. IN RECENT DAYS, I HAVE BEEN ASKED BY MANY RESIDENTS IN SOUTHERN WEST VIRGINIA IF THEY WILL BE HURT BY THESE PROVISIONS, AND I WOULD LIKE TO TAKE THIS OPPORTUNITY TO EXPLAIN FURTHER WHAT THE BILL ENTAILS.

LET'S FIRST LOOK AT THE NUMBERS. LAST YEAR CONGRESS ENACTED REDUCTIONS IN MEDICARE AND MEDICAID OF \$5.6 BILLION. THE PRESIDENT REQUESTED CUTS OF \$25.7 BILLION! AT THE TIME THESE QUESTIONS WERE PRESENTED TO THE HOUSE, I OPPOSED THEM KNOWING THAT MANY ELDERLY AND LOW-INCOME AMERICANS WOULD SUFFER.

WHEN THE TAX BILL CAME TO THE HOUSE FLOOR TWO WEEKS AGO, IT WAS VERY CLEAR TO ME--AS IT WAS TO MANY OF MY COLLEAGUES, THAT IF THE BILL DID NOT PASS, THE ADMINISTRATION WOULD CALL FOR MORE DRASTIC CUTS IN MEDICARE, MEDICAID AND POSSIBLY EVEN SOCIAL SECURITY.

IT IS IMPORTANT TO POINT OUT THAT THOSE PROVISIONS PERTAINING TO MEDICARE AND MEDICAID IN THE TAX BILL, CALL FOR 70 PERCENT OF THE SAVINGS TO COME FROM MEASURES AIMED AT REDUCING EXTRAORDINARY INCREASES IN HOSPITAL COSTS. THIS MEASURE WOULD LIMIT MEDICARE REIMBURSEMENTS TO HOSPITALS WHOSE MEDICARE COSTS FAR OUTSTRIP THE AVERAGE FOR SIMILAR HOSPITALS.

THE ONLY PROVISION IN THE TAX BILL WHICH DIRECTLY AFFECTS MEDICARE RECIPIENTS IS MINIMAL AND WOULD BE SPREAD EQUALLY AMONG BENEFICIARIES. THE PART B PREMIUM PAID FOR COVERAGE OF PHYSICIAN SERVICES WOULD INCREASE 60 CENTS A MONTH IN THE FIRST YEAR AND \$1.30 A MONTH IN THE SECOND YEAR. THESE INCREASES WOULD OCCUR ON JULY 1, 1983--AT THE SAME TIME BENEFICIARIES RECEIVE INCREASES IN THEIR SOCIAL SECURITY CHECKS.

THE TAX BILL ACTUALLY CONTAINS TWO IMPORTANT IMPROVEMENTS IN MEDICARE COVERAGE. THE FIRST: MEDICARE COVERAGE WOULD BE PROVIDED FOR TERMINALLY ILL BENEFICIARIES WHO WISH TO SPEND THEIR LAST MONTHS RECEIVING HOSPICE SERVICES; AND SECOND: A PAYMENTS SYSTEM WILL BE SET UP TO ENCOURAGE HEALTH MAINTENANCE ORGANIZATIONS WHICH HAVE A PROVEN RECORD OF REDUCING MEDICAL COSTS.