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## **Statement by Medicare Rights Center President Joe Baker on the Lieberman-Coburn Medicare Proposal**

New York, NY – Proposals that shift costs to Medicare beneficiaries to save the federal government money, such as the one released today by Senator Lieberman and Senator Coburn, will do exactly what they are expected to do—cause people with Medicare, especially the half who have incomes under \$22,000 a year, to avoid going to the doctor and seeking other necessary health care because they cannot afford to do so. Further, these proposals do nothing to solve the real problem and the underlying cause of increased spending in Medicare, which is rising costs in the health care sector overall. In short, it's not over-utilization caused by patients that is the problem—it's the prices.

One proposal included in Senator Lieberman and Senator Coburn's plan is often deceptively referred to as "Medicare benefit simplification." But these proposals are more scary than simple. They appear simple because such proposals would create a combined deductible and a universal coinsurance for Part A and B services as well as an out-of-pocket limit, limiting patients' annual costs. In addition, many proposals of this nature also assume the elimination of first-dollar and subsequent reductions in coverage under Medigap.

They are scary because the allure of an out-of-pocket limit could blind patients, their caregivers and policymakers to the facts: these proposals save the government money by making patients pay more or making care so unaffordable that they just don't get it in the first place. The vast majority of Medicare consumers would never benefit from the out-of-pocket limit because it is set far too high—\$7,500 in the Lieberman-Coburn proposal. In fact, for most people with Medicare, out-of-pocket costs would increase because cost-sharing would apply where none existed before, like for home health care, and they would lose Medigap coverage of portions of their coinsurance and deductibles. This increase in out-of-pocket health costs would be a financial tipping point into poverty for many older Americans and people with disabilities, who on average already spend 15 percent of their income on health care.

As noted, these proposals also generate savings because the increased costs shouldered by patients would prevent them from using medical services. The supporters would have us believe that only unnecessary utilization would be prevented or that increased costs don't affect people's health. That's not true. Across the board cost increases are a blunt tool. Patients, relying upon the advice of medical professionals and without the benefit of a medical school education, are in a poor position to determine what is necessary, as opposed to optional, care. This means those who are unable to afford care will forgo all care. And it means that these proposals would adversely affect the health of millions of people with Medicare.

Other cost shifting proposals, such as increasing Medicare Part B premiums for all beneficiaries, are simply tax-like increases on those who can least afford them—lower- and middle-income seniors and people with disabilities on fixed incomes. Medicare premiums already constitute nearly two-thirds of all health spending for beneficiaries, and have risen dramatically over time. The Lieberman-Coburn proposal would also raise premiums dramatically for wealthier beneficiaries, claiming that people like

Warren Buffett can afford to pay more. That may well be, but these means-tested premiums do not raise much money. A much fairer way to raise much more income is to increase tax rates and close loopholes for Mr. Buffett and others; Mr. Buffett is already on record as calling for such.

Most importantly, these proposals to increase costs for people with Medicare and discourage them from using health care services do not solve the real problem—the cost of those services—which all Americans must bear whether they are covered by Medicare or private health insurance. Fortunately, the Affordable Care Act (ACA) and other proposals, like the bill introduced recently by Senator Rockefeller and Congressman Waxman to require additional prescription drug rebates, do get at this problem to solve some of our budget woes. Combined with realistic proposals that would generate revenue through the elimination of tax cuts and loopholes for the wealthiest Americans and corporations, this more balanced approach would allow time for measures that moderate health care costs generally to take the pressure off Medicare and prevent the need for radical proposals that shift costs to beneficiaries.

[Read Joe Baker's response to Senator Lieberman's original proposal.](http://www.washingtonpost.com/opinions/what-joe-lieberman-got-wrong-on-medicare/2011/06/13/AGbup9UH_story.html)  
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**Medicare Rights Center** is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives.

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