



*working together to advance the quality of
life of older New Yorkers*

TOPIC: MEDICARE

Medicare is a federal program of health insurance for persons who are 65 years of age and older and, under certain conditions, persons under 65 with disabilities or end stage renal disease. As such, it is a major pillar of protection and source of security for America's seniors and is a deservedly popular and successful social insurance program.

The original, traditional Medicare consists of Part A, a hospital insurance program funded from payroll taxes, and Part B, a medical insurance program funded by monthly beneficiary premiums and federal general revenues. Because of the costs of deductibles and co-payments and the lack of coverage for some essential benefits, principally outpatient drugs, most beneficiaries find it necessary to purchase coverage through supplemental Medigap plans but still incur large out of pocket expenses.

As an alternative to traditional Medicare, beneficiaries may enroll in Medicare +Choice plans that may include drug coverage and preventive care. However, these plans are not offered everywhere,

they do not provide the freedom of choice that traditional Medicare has always offered, and their “extra benefits” have been shrinking.

The NY Citizens' Committee on Aging believes that Medicare should continue to offer universal, defined and guaranteed health benefits with free choice of physician to all eligible beneficiaries. Nevertheless, it is clearly time for the federal government to improve this core social insurance program to meet the needs of the elderly and disabled in the 21st century. Specifically, the NY Citizens' Committee on Aging recommends:

1. Prescription Drugs

Medicare should provide prescription drug coverage within Part B that:

- is comprehensive to assure access to all medically necessary medications reasonably prescribed by health care professionals;
- is cost effective with the Medicare program negotiating reasonable and affordable prices to the government for prescriptions while assuring pharmaceutical companies fair but not excessive returns on their investments;
- is affordable to beneficiaries with minimal flat co-payments
- provides incentives to public and private plans to maintain current levels of drug coverage.

2. Parity for Mental Illness

Medicare should provide parity for mental health benefits equal to that for physical illness for both inpatient and outpatient care.

3. Long Term Care

Medicare should cover long-term care costs such as home and community based long term care, and rehabilitative, nursing home and other vital services. For further detail, see our May 2003 Long Term Care Policy Statement.

4. Catastrophic Coverage

Medicare should provide catastrophic coverage by eliminating caps on medically needed services and establishing dollar caps for deductibles and co-payments.

5. Reforming Medicare+Choice Coverage

Medicare+Choice should provide defined benefits equal to those recommended herein.

6. Beneficiary Protections

Medicare should strengthen beneficiary protections against adverse claim determinations and unethical marketing. All beneficiary contracts and documents should be in non-legal language understandable by the general public.

7. Financing

These Medicare enhancements should be primarily financed from general revenues.

8. Strengthening Medicare Administration

Medicare should be provided adequate resources for health care quality control, monitoring the performance of Medicare contractors and agents, expanded consumer education, and epidemiological studies.

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