

## The National Bipartisan Commission on the Future of Medicare

The National Bipartisan Commission on the Future of Medicare, created by Congress in the Balanced Budget Act of 1997, is charged with examining the Medicare Program and making recommendations to strengthen and improve it in time for the retirement of the "baby boomers." Its report to Congress is due in March of next year.

Current trends in Medicare financing predict fiscal catastrophe early next century unless the program is modified. The Balanced Budget Act bought a few years, but current estimates predict insolvency of the Part A Hospital Insurance Trust Fund in 10 years. And as we progress into the next century beyond the year 2010, when the "pig moving through the python," as the baby-boomer bulge is described, begins to swell the ranks of the over-65 population, the situation steadily deteriorates. By the year 2030, the American society will be supporting twice as many Medicare beneficiaries as we do today—but on the backs of many fewer workers. To continue to pay for Medicare as we do today will require very substantial Medicare tax increases or some fundamental changes in the Medicare Program.

Chaired by Senator John Breaux (Democrat-Louisiana) and Representative Bill Thomas (Republican-California), the Commission consists of 17 members split evenly by party affiliation and working under congressionally drawn rules that require all decisions to be made by at least 11 votes, thus assuring some bipartisan representation on all recommendations. Some members have complained that no minority reports will be allowed, again as stipulated in the enacting language.

Membership on the National Bipartisan Commission was hotly contested last fall. By law, four appointees were selected by the President, who chose: Stuart H. Altman, PhD, Brandeis University Professor of Health Policy; Laura D'Andrea Tyson, PhD, University of California, Berkeley Professor of Economics and former Chair of the President's Council of Economic Advisors; Bruce Vladek, PhD, Mt. Sinai School of Medicine, New York, Professor of Health Policy and former Director of the Health Care Financing Administration; Anthony Watson, Chairman and CEO, Health Insurance Plan of New York. Four were appointed by Speaker of the House Newt Gingrich: Rep. Michael Bilirakis (R-FL); Rep. Bill Thomas (R-CA); physician Rep. Greg Ganske (R-IA); and Samuel H. Howard, Chairman, Phoenix Healthcare Corporation, Nashville. Four were selected by Senate Majority Leader Trent Lott (R-MS): physician Sen. Bill Frist (R-TN); Sen. Phil Gramm (R-TX); Ilene Gor-

don, State office staffer to Hon. Trent Lott, Mississippi; and Deborah Steelman, JD, attorney and lobbyist, Washington DC. House Minority Leader Dick Gephardt chose two: Rep. John Dingell (D-MI); physician Rep. James McDermott (D-WA); and Senate Minority Leader Thomas Daschle chose two: Sen. Jay Rockefeller IV (D-WV), and Sen. Robert Kerrey, (D-NE). The Chair of the Commission, Sen. John Breaux (D-LA), was appointed jointly by all the nominators, and is known for his ability to bring disparate factions together. Rep. Bill Thomas (R-CA) has been designated Administrative Chairman.

These devoted public servants have divided themselves into three Task Forces. The Modeling Task Force's main goal as articulated is "to define the problem and then help the Commission members educate the public about issues confronting the Medicare Program." They will look at the status quo and at projections based on current assumptions. The Reform Task Force "will review options to strengthen the current Medicare Program and prepare it for future changes in demographics, technology, health care needs...." The Fundamental Restructuring Task Force "will approach the Medicare Program from a 'blank sheet of paper' perspective." Current plans call for holding meetings every two months, commencing in April, with the final consensus report issued in February 1999.

There is much cynicism in Washington DC about the ability of such a diverse group to work constructively in a bipartisan fashion during an election year with so many scandals, so much partisan finger-pointing, and so little incentive or inclination toward collaborative legislative agendas. Gail Wilensky, PhD, who chairs the Medicare Payment Advisory Commission, has said that "the timing of this particular panel could not have been worse."

At the first meeting, Federal Reserve Board Chairman Alan Greenspan led off the testimony, projecting the broader context of how demographic changes will impact the economy and society, including the Medicare Program. He surprised many by extolling managed care and its success in controlling costs while preserving and enhancing quality.

Early commentary from Commission member Deborah Steelman, JD, indicates that the panel "has moved forward on several significant things, including a consensus that Parts A and B should be merged." She also predicts changes in the benefit structure, the consideration of a "wealth-creating mechanism" such as private investment accounts, and the possibility of "competitive pricing," along the lines of the frustrated

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demonstration projects foiled last year by local opposition in Baltimore and Denver. She predicts a “strong report” and significant reform recommendations with the admonition, “I urge people not to buy into the pessimism that this Commission can’t do anything.”

Sen. Gramm and his Texas academic colleagues have published a strong argument for diverting Medicare taxes into private investment accounts that would collectively insure each birth cohort. After a transition period of 20 years, they predict that all Medicare expenses would be privately financed. Even though such radical private sector solutions have worked elsewhere (for example, in Chile for social security), the bipartisan Commission is unlikely to be so adventurous. Any change to the

Medicare Program carries risk and opportunity. Some will feel threatened by the loss of a well-understood program, whereas others will welcome the opportunity to secure long-term financial stability. Let’s hope the cynicism bred out of frustration with White House scandals, campaign financing excesses, and charges of Medicare fraud and legislative gridlock does not interfere with meaningful progress. ❖

For more information about the National Bipartisan Commission, see their website at: <http://thomas.loc.gov/medicare/>.



***“Shore Acres” by George Lewis, MD***

***Dr. Lewis is retired from SCPMG, where he was a pediatrician, and served as Medical Director of the Southern California Kaiser Permanente Craniofacial/Cleft Palate Team. His interest in photography goes back to his days in high school, where he worked on the yearbook. This picture was taken during a photography workshop in Shore Acres, which is south of Coos Bay, on the Oregon Coast.***