Medicare Reform Essay, Research Paper

The cuts to the Medicare system have decimated the healthcare industry, a sad fact hidden from the average American citizen. In an ill thought out plan, the United States Congress cut 23 billion dollars a year out of the Medicare system over the next five years. Around the country, hospital patients, nursing home residents and home health patients are being denied lifesaving treatment because of insufficient reimbursement by the government. In the wake of news reports of these tragedies, many Congressmen are now calling for a new vote to restore much of what they gutted from the public healthcare system.

At the forefront of the problems that have arisen because of the Medicare cuts is the lack of care for the most needy of our citizens, the elderly. In the United States, close to 40 million Americans are on the Medicare health system, of that number around 75 percent are over the age of 65. At a time when the life expectancy has increased to 78 years old, and medical care presumably is becoming more necessary, should we really be limiting the access to that care? In my position as a paralegal for a major healthcare company I routinely hear of husbands or wives returning to work in their seventies to pay the medical and nursing home costs for their spouses. In a Florida nursing facility the husband of a resident recently died from malnutrition. He had been working two jobs to pay for his wife s nursing home care after she had exhausted her Medicare benefits. In an effort to save money, he had been eating dog food for about two months. Two sons of a California nursing home resident each month turn over their social security checks to pay for their mother s nursing home stay. When asked what they were living on they replied that they had sold both their homes and were living together in an apartment. Both sons were in there sixties, and most likely would need care themselves at some point, who would provide it for them? A nursing home recently sued an Indiana woman for failing to pay them $100,000 for her annual costs. The woman, penniless was faced with eviction and placement with her son and daughter in-law.

The first reaction would be to blame the nursing homes for being too expensive. However, even by the best estimates from the government agency that oversees the payment of nursing homes, the Healthcare Financing Agency (HCFA), nursing homes will not be reimbursed at a rate adequate to cover their costs. The government openly acknowledges that nursing homes will lose money on Medicare patients, but those same homes are by law prohibited from turning away a resident because of their inability to pay or because of the payment source. In a letter sent to the state agencies that oversee nursing home conditions, HCFA warns of the financial short fall in nursing home reimbursement. In an apparent attempt to show healthcare providers that they may face criminal charges for failing to provide adequate care, HCFA has gone after several companies, even after they have gone bankrupt from lack of funds.

Already, only one year after the enactment of the Medicare cuts, several of the nations largest nursing home chains have gone out of business or have left the skilled nursing home business all together. According to U.S. Senator Edward Kennedy, 10 health agencies have gone out of business since January 1, 1999, in Massachusetts alone. A recent report released by HCFA indicated the mean reimbursement rate would be $300 per resident per day. With an average hourly rate for an LPN at $14 an hour and HCFA mandating a minimum of 4.8 hours of care per day, that leaves only $133 to provide food, shelter, medication, pay support staff and still turn a profit. Is it any wonder why nursing home companies are finding it difficult to make employee health insurance payments?

Residents of nursing homes are not the only ones who are suffering from the Medicare budget cuts. Across America, employees at ambulance companies, therapy providers and support businesses are being laid off. Ambulance companies used to bill HCFA for transporting residents to hospitals, outings and from one facility to another. Now under the Balanced Budget Act of 1997, nursing homes must pay the fees for the service out of the $300 a day. Physical Therapy and Speech Therapy combined must share $1500 a year per patient. At an average hourly cost of $50, a resident recovering from a major stroke can expect to receive 30 hours of therapy per year, roughly a half-hour per week. There are no doctors or therapists that would recommend such a limited number of therapy hours for any illness. Yet, the house and senate both approved this limit without ever consulting a therapy organization.

Yet, without some action by Congress to address the Medicare situation, Medicare would have gone bankrupt. Congress must now attempt to correct the flaws in the Balanced Budget Act of 1997, while still saving the Medicare system.

Government estimates indicate that without intervention Medicare will be insolvent in ten years. The current cuts to the system will have only provided an extra five years before it fails. A plan by major healthcare organizations to reform Medicare is considered, by supporters and opponents in Congress, to be a plan that may save the Medicare system by the year 2010. Costing $46 to $65 billion a year, it is still lower than the current $100 billion a year. Despite these savings, it is unlikely that it will become reality. The National Bipartisan Commission for the Future of Medicare will recommend that a voucher program be started where all participants will be insured by HMO s. One caveat of the proposal is to keep Patient Rights legislation from passing and reduce the already lax government oversight of HMO s even further. The voucher program will not save Medicare but only extend it s life by running continuous budget deficits that will be funded by increasing the FICA tax paid by everyone filing income tax returns. The passage of this plan may have something to do with the $2.8 million dollars in campaign contributions given to the mostly republican members of the commission by the HMOs.

Despite the cost to the American taxpayer and the lack of any easy solution to its problems, Medicare is worth saving. This is a program whose beneficiaries are the most helpless of all in our society. To abandon this program will not erase the needs of the elderly nor will it end the expense to the taxpayer. In the end, whether it is for good healthcare and a respectful end to a long life, or on the streets or in the homes of friends and family, we will have to deal with this issue. I am not advocating a return to the old Medicare system, but an honest and realistic plan for providing quality healthcare to the elderly while spending only what is needed for that care. Remember, there but for the grace of God go I .