

CQ Transcript
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PROMO

BUSH BUDGET: President's plan includes Medicare and Medicaid payment changes for hospitals, nursing homes and other health care providers.

MENTAL HEALTH PARITY: Backers optimistic measure will pass this year.

DRUG PRICING: Rep. Waxman targets Medicare drug plan pricing.

INTRO:

Many provider groups and lawmakers reacted angrily to President Bush's fiscal 2008 budget proposal, saying the plan would weaken the nation's already fragile safety net. Proponents of "mental health parity" legislation believe the legislation has a strong chance of passage this year, while in the House a key House Democrat has planned a series of hearing into the prices of drugs offered as part of Medicare's drug benefit.

BUSH BUDGET

Question 1: President Bush has released his fiscal 2008 budget plan. Could you recap its health care provisions?

Answer: While the size of both Medicare and Medicaid would increase under the plan, Bush's proposal would curb the rate of growth in both programs by about \$101.5 billion over the next five years through administrative and legislative changes. Reductions in "market basket" increases in payments to hospitals, nursing homes and other provider groups account for a large share of those cuts. Funding for the National Institutes of Health would increase by less than 2 percent, while the budget for the Centers for Disease Control and Prevention would be reduced by about 4 percent from fiscal 2006. In addition, the president's plan would increase funding for the State Children's Health Insurance Plan (SCHIP) to \$5 billion, but some analysts and lawmakers said was far short of what is necessary to fund the program. Another provision of the budget would require higher income Medicare beneficiaries to pay more for their Part B and Part D premiums.

Question 2: What's been the reaction to the budget?

Answer: While some GOP conservatives praised Bush for trying to put some limits on entitlement spending, other lawmakers – including many Democrats – and provider groups said Bush's proposal would do dire harm to the nation's health care providers who deliver care to millions of Medicare and Medicaid beneficiaries. But administration officials stress that Medicare will continue to grow on average more than 7 percent per year over the next five years and Medicaid growth would be slowed from 6.5 percent to

5.6 percent. There is also concern about language in the budget that would limit SCHIP eligibility for new enrollees to children in families with annual incomes of less than 200 percent of the federal poverty level. A number of states have expanded SCHIP eligibility to children and adults in families with annual incomes greater than 250 percent of the poverty level.

Question 3: Administration officials visited Capitol Hill last week to discuss the budget. Can you tell us about those hearings?

Answer: Department of Health and Human Services Secretary Michael O. Leavitt endured tough questioning, especially from the Senate Finance Committee. Finance members said the administration's SCHIP proposals could cause more than a million children and 600,000 of their parents, caretakers and other low-income adults to lose health coverage. Finance chairman Max Baucus, D-Mont., said that Congress must give the program enough money to cover the children it already serves plus funds to reach the six million uninsured children who are eligible for that program or for Medicaid but are not enrolled. The Finance hearing, as well as Leavitt's appearances before the House Energy and Commerce and Ways and Means committees, demonstrates the amount of opposition the president's budget will face this year on Capitol Hill.

Question 4: What elements of the Bush budget might be changed significantly?

Answer: Lawmakers in both parties have expressed support for greater SCHIP funding, so that amount is likely to be higher than what is in the president's budget. Members of both parties also will fight to obtain more funds for their local hospitals, as well as for their local providers of home health and medical equipment services, among other areas.

MENTAL HEALTH PARITY

Question 5: Proponents of mental health parity legislation believe this year represents their best opportunity in years for passage of legislation that would provide more equitable coverage of mental and physical ailments. Could you give us the details?

Answer: House and Senate lawmakers, as well as advocates for the mentally ill, feel that Democratic control of Congress provides a much greater opportunity for passage of "mental health parity" legislation, first championed by Sen. Pete Domenici, R-N.M., and the late Sen. Paul Wellstone, D-Minn.

Question 6: When might congressional action occur?

Answer: Senate Health, Education, Labor and Pensions Committee chairman Edward M. Kennedy, D-Mass., said that his panel will consider the legislation later this month, with House action expected sometime this spring.

Question 7: Who will oppose the measure?

Answer: Employers and insurers have fought the measure in the past, fearing that it will increase costs. But with mental health parity laws now in place in over 40 states, some of that opposition may be softening. Those groups are working with Capitol Hill lawmakers in an attempt to resolve concerns. While the legislation would not require insurers to cover mental illness, it would bar an insurer that does cover mental illness from imposing any limits on care not applied to physical maladies.

MEDICARE DRUG PRICING

Question 8: Late last week, Rep. Henry A Waxman, D-Calif., held the first of what he said he would be a series of “aggressive” oversight hearings of the pharmaceutical industry. Could you tell us about that?

Answer: Waxman said he is sending letters to Medicare prescription drug plans to determine how profitable they are and how much of the savings they negotiate is being passed on to Medicare beneficiaries. Waxman said the findings would help determine whether the Medicare prescription drug program is misusing taxpayers’ dollars and overcharging Medicare beneficiaries.

Question 9: What happened at Friday’s session?

Answer: Economists, government investigators and consumer activists accused drug makers of charging Medicare recipients higher drug prices than those charged in other government drug programs or even at some retail outlets. The witnesses urged the government to obtain more information about drug pricing in all federal programs. Waxman said he would push the administration to beef up its efforts to bring fraud cases against pharmaceutical firms, which have returned billions in fines to the federal government for pricing or marketing fraud and illegal distribution.

Question 10: What was the industry response?

Answer: While drug makers did not testify at the hearing, a spokesman for the Pharmaceutical Research and Manufacturers of America said later that the Medicare drug program offers beneficiaries many choices for their drug coverage, and that the program is not only saving beneficiaries money but that the program’s cost is not as great as initially projected. The Centers for Medicare and Medicaid Service, or CMS, also has noted high enrollment and high satisfaction among Medicare beneficiaries.

Question 10: So what’s next?

Answer: Waxman, the chair of the House Oversight and Government Reform Committee, has written to 12 of the largest Part D insurers asking them to open their books to the committee and report much of the data they are required to send to the federal government.