

# **"Reforming Medicare Payment: Increasing Choice and Equity"**

**Statement of Senator John Breaux, Ranking Member**

**Special Committee on Aging**

**May 19, 1997**

I want to thank Senator Grassley for calling a hearing to look at how rural areas in the United States are impacted by relatively low Medicare HMO payments and what options the Congress has to reform the Medicare payment system.

While Senator Grassley and I hail from states that are impacted differently by current Medicare payment policy, both of us have an interest in fixing Medicare so that payments to HMOs make sense. We also want to consider ways to reform the *whole* Medicare program - - not just payments.

As we consider the proposals we will hear about today, I hope that we remember the saying, "Do no harm." As we talk about raising payments to Medicare HMOs, we need to think about what impact that will have on the Medicare fee-for-service sector. I do not think we necessarily should favor one delivery system over the other. Fee-for-service Medicare, with innovations like case-management, could well make it a good alternative for rural and other areas. In fact, I will be introducing legislation on Medicare case management in the near future.

I also hope, as we consider how to fix the Medicare HMO payment system, that we think "outside of the box" - - that we consider new ways to pay Medicare health plans. I will soon be introducing a plan that will restructure Medicare by modeling it on the plan that we and nine million other federal employees depend upon for our health care: the Federal Employee Health Benefits Plan (FEHBP). The new Medicare program will mean more competition, better benefits, more information, and more choices for beneficiaries.

Mr. Chairman, I am impressed with the witnesses we have before us today. I want to especially welcome Dr. Kenneth Thorpe, a professor at Tulane University to our hearing. A noted expert on Medicare and health policy in general, Professor Thorpe has also served as Deputy Assistant Secretary for Health Policy in the Department of Health and Human Services. His testimony, which discusses establishing a competitive-bidding mechanism for Medicare, is thoughtfully written and will be of great help as we consider ways to make Medicare work better.