

Medicare

Spoilt for choice

The prescription-drug benefit has not got off to a good start

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GEORGE BUSH must rue the day he signed the Medicare prescription-drug bill in December 2003. The giveaway was advertised as a reform to the health-care programme for the elderly. It was also seen as a political triumph—trumping Democrats on their home turf of health care while shoring up support for Mr Bush from retirees. But the Medicare drug benefit has become an albatross.

To Mr Bush's conservative critics, the drug benefit epitomises the president's profligacy and lack of principle. How can a so-called conservative, they cry, sign the biggest expansion of a government entitlement in 40 years? Far from reforming Medicare to cope with an ageing population, the drug benefit adds to the fiscal burden—by more than \$700 billion over the next decade alone, and much more thereafter. Democrats, unsurprisingly, are no fans either. For them, the Bush-inspired benefit is a sell-out to drug firms rather than a boon to old people.

Nor are the beneficiaries particularly happy. Confusion and frustration were mostly in evidence this week, as elderly Americans grappled with a fiendishly complicated system. All those eligible for the drug benefit have six months from November 15th to sign up for one of many competing, privately-managed plans. Anyone signing up after May 15th pays a 1% penalty for every month they are late. In most states individuals have dozens of competing plans to choose from—and they all offer different drug coverage, deductibles and co-payments.

Navigating this maze is not easy. The Bush administration has already spent \$100m on providing information to the public; the insurance companies flogging the plans will spend even more. According to drug-benefit aficionados (a hellish discipline, even by the standards of Washington wonkery) the internet is the best place to compare plans. Unfortunately, many old people have never used the web.

According to a recent poll by the Kaiser Family Foundation, more than six out of ten “seniors” said they understood the plan “not too well” or “not at all”, even though around seven out of ten said they had received information about the new benefit and six out of ten

said they had read it closely. Small wonder that Democrats this week were already calling for legislation to extend the enrolment period to a year.

Even before the drug benefit is up and running, however, Republicans are squirming under its fiscal consequences. During the past week, the party's leaders in both the House of Representatives and the Senate have suffered big defeats in budget negotiations, as moderate Republicans in both chambers have balked at efforts to extend Mr Bush's tax cuts on capital gains and dividend income, while at the same time feigning budgetary prudence through spending cuts, many of which fell especially hard on the poor. Though the final budget outcome was unclear as *The Economist* went to press, one thing seems certain. The loopy days where Congress could push through such budget-busters as the Medicare drug benefit are over.

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