

10 A RESOLUTION CONCERNING
20 MEDICARE REFORM

30 WHEREAS: Medicare is in a managerial crisis because it is based on outdated principles of
40 central planning and price regulation; the program is governed by literally tens
50 of thousands of pages of rules, regulations, guidelines, and administrative
60 decisions that cover virtually every aspect of the financing and delivery of
70 medical services for America's senior citizens; and,

80 WHEREAS: This imposes enormous administrative costs on doctors, hospitals, and other
90 health care providers, who must comply with a growing morass of Medicare
100 paperwork; it also compromises the quality of patient care because it is inimical
110 to change, flexibility, and innovation in the financing and delivery of medical
120 services and technology; and,

130 WHEREAS: Medicare also faces a long-term financial crisis; the rapid aging of the
140 population will double the number of Medicare beneficiaries over the next three
150 decades, as a result, a proportionately smaller base of working taxpayers will be
160 burdened with the payments for the progressively more expensive benefits of a
170 continually growing number of retirees; and,

180 WHEREAS: The Congressional Budget Office estimates that spending on Medicare will
190 double over the next three decades, jumping from 2.3 percent to 5.4 percent of
200 the nation's gross domestic product (GDP); spending for the combination of
210 Medicare and Social Security will account for 12 percent of GDP in 2030 and
220 will consume more than half of all federal spending, crowding out funding for
230 numerous other federal programs; and

240 WHEREAS: At a certain date, Congress should allow new retirees who are 65 or older one of
250 two options: enrolling in the conventional Medicare program or taking their
260 private health plan with them into retirement, with a government contribution to
270 offset its cost; and,

280 WHEREAS: This would not only allow for a seamless continuity of coverage and care for
290 retirees, but would also change the fundamental dynamics of the program; and,

300 WHEREAS: Private plans would be under the jurisdiction of a new market-friendly agency
310 created to administer the program, which would take on functions similar to
320 those of the Office of Personnel Management (OPM) in the administration of the
330 FEHBP; with a gradual phase-in of reform, Congress could monitor the new
340 option's progress and allow for adjustments in its financing and administration;
350 and,

360 WHEREAS: Congress should efficiently target generous assistance to those low-income
370 seniors who do not have access to drug coverage through their retirement plans
380 or supplemental coverage; and,

390 WHEREAS: This could be done by giving these seniors prescription drug cards that would
400 function as debit cards linked to retirees' federally subsidized prescription drug
410 accounts; such accounts for low-income retirees could receive initial deposits of
420 funds between \$600 and \$800 per year and would include a catastrophic
430 provision for high drug costs; and,

440 WHEREAS: Funds in these accounts could be rolled over, tax-free, from year to year;

450 higher-income Medicare patients and their spouses could also make tax-free
460 contributions to their new prescription drug accounts; and,

470 WHEREAS: Such a structure would recognize the great diversity in drug utilization among
480 the senior population, guarantee needy seniors quick access to coverage for
490 chronic conditions, facilitate the growth of a competitive market, and maximize
500 personal freedom; and,

510 WHEREAS: Millions of employees today have health-related accounts; if new retirees could
520 roll over hundreds of dollars a year tax-free in such accounts, they could freely
530 use those funds for routine medical services or the services of specialists or
540 alternative care--whether or not they are covered by Medicare--as well as for
550 prescription drugs; and,

560 WHEREAS: Such accounts would allow new Medicare patients to maintain the direct
570 relationship with doctors they enjoyed during their working lives; this would
580 increase the economic efficiency of the Medicare program and promote direct
590 patient payment for routine medical services; and,

600 WHEREAS: It would also give doctors the freedom to practice medicine without the costly
610 paperwork and regulatory restrictions currently imposed by the Medicare
620 bureaucracy and its contractors.

630 THEREFORE BE IT RESOLVED: That the Maryland Student Legislature urges the President
640 and Congress to focus reform efforts on ensuring better coverage for new
650 retirees; such reform should include allowing new retirees to take their health
660 plans into retirement; and,

670 BE IT FURTHER RESOLVED: That Congress and the President should issue a prescription drug
680 security card linked to a generous prescription drug security account; and,

690 BE IT FURTHER RESOLVED: That Congress and the President should allow new Medicare
700 beneficiaries to take balances accumulated in health reimbursement
710 arrangements, flexible spending accounts, and medical savings accounts with
720 them into retirement.

730 MANDATES: President George W. Bush
740 Vice President Richard Cheney
750 Senate Majority Leader Bill Frist
760 Senate Minority Leader Tom Daschle
770 House Majority Leader Tom Delay
780 House Minority Leader Nancy Pelosi
790 Congresswoman Sue Kelly
800 Tommy Thompson, Secretary of Health and Human Services
810 Thomas A. Scully, Administrator, Center for Medicare and Medicaid Services
820 Congressman Bill Thomas, Chairman, House Ways and Means Committee
830 Senator Judd Gregg, Chairman, Senate Committee on Health, Education, Labor
840 and Pensions

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