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(Congress Is Backwards on Medicare Reform)

Federal lawmakers have it all wrong: First, reform Medicare. *Then* add benefits.

It's a formula for preparing the 38-year-old program to meet the needs of America today. But Congress has reversed the process and that could mean bad times ahead for Medicare and the country, says Stuart Butler, The Heritage Foundation's chief domestic policy expert.

"The sequence cannot be benefits first, reform later because that basically means there's no reform," Butler says in the Aug. 11 issue of *National Review*.

Here's what befuddles Butler: In an attempt to "reform" Medicare, the House and Senate passed separate bills that offer prescription drugs as a new entitlement. However, neither bill really attempts to introduce market-based reforms to Medicare. This is no good because this drug "benefit" alone will cost $2 trillion by 2030 as millions of baby boomers enter the program.

But what's really terrible is that there's already a government-run health-care plan that has been using market-based competition for decades. It's called the Federal Employee Health Benefits Program, or FEHBP. It offers federal employees (including members of Congress) and retirees a choice of dozens of health plans—all of which cover prescription drugs. But only the House bill offers anything remotely like this for Medicare patients—and it starts in 2010. The Senate? Not even close. Leave it to Congress to move "forward" by moving backward.

Read more of Heritage's Medicare research at heritage.org.

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("Medicare Maladies" is a regular feature, launched 7/14/03, from The Heritage Foundation. Sad to say, there's another malady coming your way tomorrow. Daily "maladies" are also available on heritage.org.)