

# Medicare Maladies

A Series that Exposes the Dangerous Elements of the Medicare Bill currently in Committee

## MM #75: The Medicare Gag That's On You

Here's something that would be laughable if it weren't true: Some lawmakers want to pay businesses to keep the prescription drug coverage they already provide for their retirees.

Heritage Foundation health-care expert Derek Hunter explains this "gag" in an Oct. 29 essay. He writes that lawmakers are trying to avoid a scenario where companies will dump about 4 million retirees from their drug-coverage plans if their proposal to offer prescription drugs to all Medicare patients, regardless of need or coverage, becomes law.

This is a likely outcome, Hunter writes, because, as he puts it: "Why would the former employers pay for something if the government were willing to pay for it instead?"

So lawmakers, rather than target seniors who need drug coverage, will keep the universal entitlement and pay companies to keep their retirees—making the government entitlement politically palatable. How much? Around \$75 billion over the next 10 years in subsidies, mostly to large corporations, to encourage them to keep their drug plans.

But Hunter says even this is unlikely to work. "A company that spends \$100 million a year for retiree's drugs would have the choice, with a 75 percent government subsidy, of paying \$25 million per year or paying nothing per year," he writes.

It's a silly exercise in corporate welfare, Hunter says. And corporate executives will laugh all the way to the bank, while congressional liberals cheer.

Read more of Hunter's essay at [heritage.org](http://heritage.org).

For more information or to receive an e-mail version of "Medicare Maladies," contact [medicaremaladies@heritage.org](mailto:medicaremaladies@heritage.org) or call Heritage Media Services at (202) 675-1761.

("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](http://heritage.org).)