

# Medicare Maladies

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

## MM #84: Great Tests In Health Policy History...Not!

Washington lawmakers are floating the idea of a “demonstration program” that would give seniors more choices by allowing private health plans to compete directly for their business in a few selected cities and one region of the country.

But Congress has a history of conducting similar “tests” doomed to fail because they were “undermined by political opposition and economic self-interest,” Heritage Foundation health-policy expert Robert Moffit writes in a Nov. 13 online memo. The “tests” were:

- **The Medical Savings Account Demonstration Project of 1996.** This four-year project was supposed to test the market for developing and selling medical savings accounts. But dozens of legal and regulatory conditions soon hobbled the market. “Not surprisingly, it was less than successful,” Moffit writes.
- **Medicare+Choice Experiment of 1997.** Although it was accompanied by free-market rhetoric of choice and competition, the Medicare+Choice program turned out to be a textbook example of political intrusion and over-regulation. The needless interference discouraged health plan participation, depriving seniors of promised choice.
- **The Medicare “Competitive Pricing” Demonstrations of the 1990s.** Lawmakers chose four cities for a “competitive pricing” test: Baltimore, Denver, Phoenix and Kansas City, Mo. The most significant of these tests were in Phoenix and Kansas City, where Congress set up Competitive Pricing Advisory Committees for them. Made up of private-sector experts, the committee was to supervise the creation of a system of competitive payments for the Medicare+Choice plans. In the end, health-care providers who didn’t want to compete undermined the tests and lawmakers blocked them.

Anyone want to take bets on how this next “test” for competition in Medicare will be rigged to fail?

Read more of Moffit’s paper 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).)