

## Baucus Bill Bull

Redstate.com notes that pages 80–81 of the health care proposal by Senator Max Baucus (D-MT) and his Senate Finance Committee states, “Beginning in 2015, payment would be reduced by five percent if an aggregation of the physician’s resource use is at or above the 90th percentile of national utilization.” This penalty—to be applied every year from 2015 forward— means that if a doctor treating Medicare patients is in the top 10 per cent of average per-patient Medicare costs, he will be *penalized* with a 5 per cent reduction in payment for his services. Baucus likely believes this is a brilliant idea that will save billions in fees paid to doctors with Medicare patients. But, as usual, most schemes by Democrats pay close attention to short term results and completely ignore long range results.

First, this Baucus bill bull means that doctors will be discouraged from accepting Medicare patients in the first place—unless they are in good health. Why? Because they don’t want to see their fees reduced by 5 per cent after landing on the “top 10 list.” The solution is to avoid treating patients who have anything seriously wrong with them.

“Have you got the flu, grandpa?”

“No problem, the doctor will see you. Just take a number and read a magazine.”

“Need a hip replacement at age 83, grandma?”

“Oh, sorry, the doctor is not taking any new patients... but I heard Michael Moore say that Cuba has great health care.”

Secondly, the Baucus “top 10” penalty will also encourage some doctors to quit their practice entirely. Many physicians already do their best to avoid taking on additional Medicare patients, especially when they may see a reimbursement of as little as \$18 for an office visit. Quiz: “How many patients does a doctor have to see at \$18 per visit in order to pay his \$40,000 per year malpractice insurance premium?” (Remember that your answer is *before* the doctor even pays the salaries of his nurses and office staff, rent, utilities, supplies, or his own salary.) If you don’t think “ObamaCare” or “BaucusCare” will prompt some physicians to retire, you haven’t yet figured out what “hope and change” really mean.

Third, doctors will be discouraged from giving expensive care to those senior citizens who need it most—*regardless of how necessary or successful that care is*. Doctors who successfully avoid landing in the top 10 per cent will do so *at the cost of reduced care for their patients*. The fear of being in the top 10 will encourage all physicians to scrimp on tests and treatments for Medicare patients. So you’re worried that your migraines may signal a brain tumor and you’d like an MRI? Sorry... that MRI might put your doctor in the top 10. “Let’s wait and see how things go before we jump right into scheduling an MRI,” says the doctor.

Of course, doctors will have no way of knowing whether they made the Baucus top 10. That is probably what appeals to Baucus and the people he had dream up this gem of an idea. (Don't be surprised if we learn that the proposal came from the Center for American Progress, a leftist think tank Obama and the Democrats rely on—and where communist “green jobs czar” Van Jones quickly landed a job after he “became a distraction” and resigned from his White House position.) Not knowing whether he (or she) is dangerously close to the top 10 would obviously encourage some doctors to cut costs. Granted, there may be a small amount of waste that can be trimmed by some physicians, but this rule will remain in effect every year after 2015. Thus, year after year after year doctors will be cutting corners any way they can to stay in the bottom 90 per cent. “Cutting corners” means reducing care.

If this is such a great idea, one wonders why America's senior citizens have to wait until 2015 for the rule to take effect. If this will eliminate waste and fraud from Medicare, why not start now? (Or is it important to first get past the 2012 presidential election and the 2014 mid-term elections?)

Those who believe the Baucus penalty will eliminate or even reduce fraud are incredibly naïve. Criminals know how to game the system—that's what makes them criminals in the first place. Faced with a 5 per cent “cut in pay,” they will simply commit a little more fraud to make up the difference.

To make the Baucus penalty more understandable, assume for a moment the subject is “automobile repair reform” rather than “health care reform.” Let's assume that all senior citizens take their cars to government-run repair shops, and Uncle Sam reimburses the mechanics for their work. Because Uncle Sam wants to save money on car repairs, he tells the mechanics that the ones who do the most expensive repair work will be punished with a pay cut. If you were a mechanic, what would you do? You'd probably do more oil changes and replace fewer transmissions. Would Uncle Sam save money? Yes. Would there be more transmission failures out on the highway? Yes. A stupid idea? Obviously.

Yes, the Baucus penalty will likely cause the average level of spending per Medicare patient to go down. But who is to say that level is too high now? If a senior citizen needs a heart bypass operation, well, he needs a heart bypass operation. Why should the doctors who happen to have the sickest and most expensive patients be punished for treating them? The assumption made by Baucus is, “If it's expensive care, it must be wasteful or improper care.” Nonsense. It is simply expensive care. The Baucus penalty is arbitrary and illogical. It makes about as much sense as this rule: “No care shall be given to anyone who reaches the age of 75.” That would save money too. But that doesn't make it a good idea. (One has to wonder, however, if it crossed the minds of any of the Democrats on the Senate Finance Committee.)

Can such a “top 10” penalty prompt some surgeons to charge less for that surgery? Yes. Can it also prompt some surgeons to say, “To Hell with Max Baucus. I'm retiring to a

place with no state income tax?” You’re darn right it can. It most certainly should be prompting some readers to wonder why the residents of Montana elected Max Baucus.

Yes, the Baucus penalty will “reduce costs,” but he and his buddies ignore the fact that it will also cause reduced care for senior citizens.

It will probably also kill some of them.

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**Note:** Even before the “Baucus bill” was announced, an IBD/TIPP poll showed that 65 per cent of physicians oppose the Democrats’ proposed health care legislation. Seventy-two per cent believe that it will be impossible to cover 47 million more people while saving money in the process, as Obama has argued he can do. Obama and the Democrats say that a “majority of physicians” support the legislation, but they are basing that statement on members of the American Medical Association—a lobbying organization that represents *only 18 per cent* of doctors. In other words, Obama and the Democrats are lying to make Americans believe that they have the support of most doctors, when they most certainly do not. An amazing 45 per cent of physicians polled say they would “consider leaving their practice or taking an early retirement” if “Obamacare” is passed by Congress. American health care would certainly be devastated if 360,000 of the nation’s 800,000 doctors left their profession.

**Update #1:** The Congressional Budget Office (CBO) stated on October 7 that the Baucus Bill’s 10-year cost would be \$829 billion. That cost would allegedly be “offset” by \$910 billion in “savings,” which led the leftist media to announce breathlessly that “BaucusCare” would not only insure all Americans it would save us money! In the nation’s capitol, however, they don’t count the way normal Americans do. Although “costs” may mean “costs” to the CBO, be warned that it considers as “savings” any money the government gets in new taxes. If your taxes are raised by \$1,000, for example, the bureaucrats believe that \$1,000 has been “saved” by the federal government.

The Baucus Bill “savings” include \$507 billion in *new taxes, fees, and penalties*, and \$404 billion in cost reductions. The new taxes includes a whopping 40 per cent “excise tax” on the more expensive health insurance plans. With millions of Americans complaining that their health insurance is too expensive and does not cover enough, if you are fortunate enough to already be covered by one of those plans which everyone else wishes they had—think UAW union insurance—then Baucus and his buddies want to punish it with a 40 per cent tax. Needless to say, that tax will be passed on to customers in the form of higher premium prices. No insurer has “excess profits” that

could cover a monumental 40 per cent tax, regardless of what Michael Moore would have you believe.

The CBO says that its projections "...assume the proposals are enacted and remain unchanged throughout the next two decades, which is often not the case for major legislation." If you believed in "hope and change," you may be gullible enough to believe that nothing the CBO assumed will change over the next 10 years.

The CBO also states, "The projected savings for the proposal reflect the cumulative impact of a number of specifications that would constrain payment rates for providers of Medicare services." In other words, the CBO's projections are meaningless if Congress doesn't actually squeeze a few hundred billion dollars out of Medicare—which will not happen unless legislators think they can win re-election without the votes of senior citizens. Medicare is already on the verge of bankruptcy, and with "baby boomers" starting to retire the situation will only get worse. Medicare will need more hundreds of billions of dollars to continue, not less.

The CBO assumes that "Payments to physicians would be lowered by constraining Medicare Sustainable Growth Rate (SGR) increases." The more Medicare reimbursements are reduced, the more physicians will beat a hasty retreat to the exits and retire from their practices. "Let's just pay doctors less, yeah, that's a good idea!" Well, it's a good way to end up with fewer doctors. Those brilliant young minds graduating from college may decide to go to law school, not medical school.

Here's a big assumption for anyone to swallow: "Payment rates for many other service providers would be held below the level of inflation." That statement alone should be sufficient for anyone to stop reading and discard the CBO estimate as something as believable as Charlie Rangel's tax returns. But there's more...

"The projected longer-term savings for the proposal also assume that the Medicare Commission is relatively effective at reducing costs-beyond the reductions that would be achieved by other aspects of the proposal." In other words, the CBO's estimates "pretend" that even more money will be saved by Medicare cuts than are actually spelled out in the Baucus Bill. That's tantamount to a mortgage broker assuming the homeless man will not only get a job that qualifies him for a home loan, he'll get a fantastic salary increase every year.

"The proposal would also establish a Medicare Commission, which would be required, under certain circumstances, to recommend changes to the Medicare program to limit the rate of growth in that program's spending." Translate that as: "We're going to expect some additional changes in Medicare, but we're not going to announce what those changes might be because we wouldn't want to let any senior citizens know what we have in mind." Death panels, anyone?

Saving the best for last, the CBO states: “Members have also requested information about the effect of proposals on national health expenditures (NHE). CBO does not analyze NHE as closely as it does the federal budget, however, and at this point the agency has not assessed the net effect of the current proposal on NHE.” That means, “We realize that the Baucus Bill will cost businesses and individuals a fortune and screw up their lives completely, but since we have no way to estimate the amount of that looming disaster we’ll just leave it out of our projections.”

**Update #2:** The Baucus Bill calls for the expansion of state Medicaid programs, but the cash-strapped states are generally in no financial position to increase that funding. Senate Majority Leader Harry Reid (D-NV) “solves” the problem—but only for his state and three others—by exempting Nevada, Oregon, Rhode Island, and Michigan from those costs for five years. Thus, the residents of the other 46 states will need to cough up the difference in higher taxes, which the federal government will then use to help the four “special” states. Writes Kimberly Stassel in the *Wall Street Journal*, “So, health-care ‘reform’ is good, smart and necessary, so long as it isn’t fully applied to the states of the senators who are pushing it. The Democrats’ growing problem is that somebody is ultimately going to have to pay, and Mr. Reid’s bad example has given every one the same idea. ‘If Colorado has a fair claim on being treated the same way Nevada has been, of course we’re going to ask to have that kind of treatment,’ promised Senator Mark Udall, upon news of the Reid deal.”

**Update #3:** At the last minute, Senate Democrats snuck in a change to the Baucus bill that revises the rule for deducting medical expenses from income taxes. The existing rule allows Americans to deduct all medical expenses that exceed 7.5 per cent of their income. The Democrats have raised that to 10 per cent—meaning that Americans cannot deduct as much as they could in the past.

**Update #4:** According to Donald J. Palmisano, a past president of the American Medical Association, “...80 percent of [medical malpractice] cases filed against doctors are closed with no payment; and [of] those that go to trial, the doctor wins 89 percent of the time.” Of the 20 per cent that involve payment (cases that are settled without a trial) there is no doubt there is a substantial percentage where the physician and his insurer settle even though they believe there has been no malpractice—but they worry that a jury will rule based on sentiment rather than fact. These numbers suggest there is a significant problem with frivolous lawsuits—so much so that the Baucus Bill completely ignores the issue. (Texas implemented medical malpractice insurance reforms that prompted physician insurance rates to drop 25 per cent. That is not insignificant, considering that a doctor who pays \$30,000 per more in premiums has no choice but to pass those costs on to his patients.)

