

# Biden: Iraq, Not Health Care, is 'Highest Priority'

BY JOYCE FRIEDEN  
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WASHINGTON — Sen. Joseph R. Biden Jr. (D-Del.) will tell you right up front that health care would not be his top priority if he were elected president.

"Ending the war in Iraq will be my single highest priority, and preventing war in Iran will be one of my highest priorities as well," the senator, a candidate for the Democratic presidential nomination, said at a forum on health care policy sponsored by Families USA and the Federation of American Hospitals.

That said, Sen. Biden, now in his sixth term, added that unlike Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), he would not mandate health insurance. Instead, he would encourage employers to continue offering coverage by guaranteeing the federal government would pay 75% of all costs for catastrophic health care that exceed \$50,000 for an employee.

"The carrot is that [employers] get reinsurance, but the stick is they have to insure everybody," he said at the forum, one in a series with presidential candidates underwritten by the California Endowment and the Ewing Marion Kauffman Foundation.

One reason politicians have backed away in recent years from proposing catastrophic health care coverage is that they remember what happened 20 years ago with the Medicare Catastrophic Coverage Act, the senator noted.

That law, signed by President Reagan in 1988, gave Medicare beneficiaries full coverage for hospital stays of any length after a \$560 deductible for hospital costs and a \$1,370 deductible for doctor bills. It was repealed in 1989 due to Medicare beneficiaries' concern over the additional premiums they would have to pay. But "that was a different world, and a lot has changed," Sen. Biden said.



Sen. Joseph R. Biden Jr.

Another part of Sen. Biden's plan would be to expand the State Children's Health Insurance Program (SCHIP) to include children in families making up to \$60,000 per year. "Anyone who thinks a couple who makes \$60,000 a year and has four kids . . . is fat and happy and willing to spend \$1,400 per month for health insurance, they ought to get out more," he said.

Sen. Biden also proposes allowing the public to buy into the Federal Employees Health Benefits Program, even though he admits it may not be the best health insurance program available. "My wife is

a teacher, and when I was hospitalized, we used her insurance because it was better" than the federal employee health plan, he said. "Why not go out and pick a more perfect plan? The reason is, it's there, everybody understands it, and there's a sense of confidence about it—'If my senator has this, it must be good enough for me.'"

Sen. Biden would also let anyone 55 years and older buy into Medicare. The government would provide subsidies for low-income citizens who couldn't afford to pay the Medicare premium.

He estimates the cost of his proposals at \$90-\$110 billion a year, to be partly achieved by rolling back tax breaks for the richest 1% of Americans. He would also halt tax breaks on capital gains and dividends, and end tax loopholes for hedge fund managers and private equity partners.

In addition to his health insurance proposal, Sen. Biden said he would like to see the federal government put more emphasis on prevention, although he admitted such an investment might not pay off for a while. "That's one reason I want to insure children at the front end," he said. "You have children who don't have health insurance, and parents not being able to take them to a regular physician . . . they build up problems, so they end up being less healthy by [the] time they're 21 years old."

Sen. Biden continued, "The whole notion is changing the paradigm—front end, costs; back end, significant savings. One of the problems with the mentality of American businesses and insurance companies is that they always think about the next quarter. Very seldom does anyone think about next year or 5 years or 7 years. If we're going to get these costs under control, it seems to me you've got to be investing now."

Sen. Biden offered three suggestions for cutting Medicare costs.

First, "we should be reimbursing private insurers [who participate in the

Medicare Advantage program] the same way we reimburse everyone else. We're reimbursing them about \$10 billion a year beyond what we're reimbursing others." Second, "being able to negotiate price relative to cost of drugs, like we do in the Veterans Administration, would significantly reduce the cost." Third, if he can implement his plans for an increased focus on prevention, "by the time people hit the Medicare system who are now in their 30s and 40s, they'll have much more control of these chronic diseases."

If other cost cuts are needed, "in the first year, I think I can cut the Defense Department by over \$160 billion by ending the war in Iraq" and implementing other savings there, the senator said. ■

Election  
2008

## Congress Buys Some Time, Extends SCHIP Until 2009

BY ALICIA AULT  
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After months of debate and two presidential vetoes, Congress has successfully voted to extend the State Children's Health Insurance Program to April 2009.

President Bush signed the legislation on December 29th. The law containing the SCHIP extension also addressed Medicare physician reimbursement, payments for Part B drugs, lab tests used by diabetics, and long-term care hospitals.

Authorization for SCHIP expired Sept. 30. The program continued to operate through two resolutions that kept the entire federal government funded until December while lawmakers and President Bush wrangled over a 5-year reauthorization. The showdown ended in December when the Senate and House both agreed to a stripped-down version of the Democrats' wish list. Congress allocated enough federal funds to keep SCHIP enrollment at 2007 levels—or about 6 million children and adults—through March 31, 2009. Democrats sought to cover 10 million children.

"Today we passed a package that puts a band-aid on Medicare and buys just a little more time for families currently relying on SCHIP," Rep. Charles B. Rangel (D-N.Y.) said in a statement.

Also in a statement, House Speaker Nancy Pelosi said the bill "does not make

headway in reducing the number of uninsured." Sen. Charles Grassley (R-Iowa) said although the original bill was passed unanimously in the Senate, he knew it fell short of what many in Congress were hoping for.

The SCHIP package that was passed did not—as Democrats had preferred—reverse a directive issued by the Centers for Medicare and Medicaid Services last August. States were notified that if they were raising eligibility for children whose family incomes were equal to or above 250% of the federal poverty level, they would have to meet stringent new requirements proving that 95% of eligible children—those at 250% of poverty—were enrolled. The goal: to ensure these families are not opting for SCHIP instead of private insurance.

States must meet that target by August 2008. In a briefing with reporters, Acting CMS Administrator Kerry Weems said at least two states, Vermont and Massachusetts, will soon meet the goal.

In a conference call, Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal-leaning think tank in Washington, said the directive could have a huge impact on enrollment. Fourteen states already cover children above 250% of poverty, and 10 more had plans to expand eligibility above that level.

Thus, the SCHIP bill "was not a maintenance of the current situation but backwards progress," he said. ■

## POLICY & PRACTICE

### Gene Therapy for RA to Continue

Targeted Genetics Corp. will resume studying tgAAC94 now that the Food and Drug Administration has concluded its experimental gene therapy was not responsible for the death of a 36-year-old woman enrolled in a phase I/II trial, the agency announced. The patient died this summer after receiving an injection of tgAAC94, a transgene encoding the receptor for tumor necrosis factor- $\alpha$ . The company said in a statement that the patient's death was caused by disseminated histoplasmosis, and that "final molecular test results presented . . . at the 71st annual meeting of the American College of Rheumatology supported initial observations that no amplification of viral vector occurred in the patient's body as a result of the investigational therapy, that only trace amounts of vector DNA were detected in tissues outside the treated joint, and that the amount of circulating tumor necrosis factor- $\alpha$  antagonist protein was as expected from the background therapy." The company will revise its consent forms to disclose information about the death. The 35 patients who had yet to receive the active treatment (out of a total of 127 initially enrolled) will sign this new form. More trials are planned for the second half of 2008.

### Chronic Disease: \$1 Trillion per Year

Seven chronic diseases—cancer, diabetes, hypertension, stroke, heart disease, pulmonary conditions, and mental illness—have a total impact on the economy of

\$1.3 trillion annually, including \$1.1 trillion in lost productivity, according to a study by the Milken Institute. That figure could be nearly \$6 trillion by mid-century, the report said. West Virginia, Tennessee, Arkansas, Kentucky, and Mississippi have the highest rates of chronic disease. Utah, Alaska, Colorado, New Mexico, and Arizona have the lowest.

### Partisan Views on Health Reform

Though 82% of Democrats agreed "it is the government's duty to ensure that all Americans have adequate health care coverage," only 47% of Republicans agreed with that statement, according to a WSJ.com/Harris Interactive online survey of 2,185 adults. And 59% of Republicans think the health care system could be improved by giving tax breaks to private health insurance buyers, vs. 41% of Democrats. More Democrats (37%) than Republicans (21%) think the most important issue is providing coverage for the uninsured, and more Republicans (33%) than Democrats (23%) put slowing costs at the top of their list. The survey showed more Americans believe Democrats can do a good job of reforming the health care system, but trust is eroding, down to 39% in September 2007 from 50% in February 2007. Only 26% trusted the Republican party to reform health care. Of Democrats, 70% think Hillary Clinton (D-N.Y.) is most able to improve health care; 48% of republicans think Rudolph Guiliani can do the job.

—Denise Napoli