States of the Union

HOW MEDICARE PUTS THE ELDERLY ON HOLD

BY RICHARD J. MARGOLIS

NEOCONSERVATIVES and neoliberals keep urging the rest of us to privatize Medicare, chiefly on grounds that the health care industry can operate the program more efficiently than the government. Actually, the corporations have been running a big part of Medicare all along—the part that deals directly with elderly beneficiaries. But their performance as Medicare's front-line representatives does not argue for privatization; rather, it argues for dismissal, and for a reassertion of control by Federal authorities.

The agency that is supposed to run Medicare is known as the Health Care Financing Administration, or HCFA (pronounced "hicva" by those in the know). Yet from the beneficiary's angle of vision HCFA is neither visible nor accountable. Instead of conducting its own business with the public, HCFA appoints private surrogates to sort out claims and make payments. (The surrogates are called "intermediaries" or "carriers," depending on whether they deal with hospital or doctors' claims.)

Blue Cross and Blue Shield affiliates do most of the work for Medicare, but a number of private insurance companies—Aetna, Equitable and Prudential among others—also hold contracts. Although they sometimes say otherwise, the surrogates seem well-paid for their services. In 1985 carriers and intermediaries together grossed $933 million.

The beneficiaries and the corporations seldom meet, but they do correspond. Corporations send to beneficiaries sheets full of gray, computerized type, each sheet said to contain an explanation of Medicare benefits, or EOMB for short. While the clarity of EOMBs varies from state to state, the average is not high and the overall effect has been one of vast befuddlement among elderly patients.

It doesn't seem to help to be exceptionally bright or well-educated. One woman I interviewed, a 68-year-old editor in New York City, had spent her entire career deciphering esoteric copy for technical publishers, yet the EOMBs she received from Empire Blue Cross and Blue Shield defied her understanding. She sent me a copy of one. It had been accompanied by a mysterious check for $95.58. Her note to me bespoke the sort of resignation that receipt of an EOMB can easily inspire.

"I don't know what the amount refers to," she wrote. "I don't know why they sent me a check for $95.58 or one to Dr. Jacobson for $23.74.... I've never put in a claim that says I've paid him anything. However, I've given up trying to figure it out; I'll just deposit their check, send an equivalent amount to the doctor, and forget it."

A less jaded beneficiary might have attempted to telephone her carrier. But this woman had tried that before and had never succeeded in talking to anyone: either the line was busy or else she was put "on hold" for so long that she finally gave up. Nearly all the beneficiaries I talked with recounted similar experiences. One woman told of an afternoon call she'd made to Medicare's intermediary in Boston. A recorded message assured her she would be answered "momentarily" and urged her not to hang up. Then came lots of static and violin music. The woman listened to this for what seemed like a long time, after which she placed the receiver on her night-table and went about her business. She had dinner, read a magazine and went to bed. When she woke up the next morning, the first thing she saw was the receiver off the hook. She put it to her ear. The violins were still playing.

At first I was skeptical of such tales, so I conducted my own unscientific survey, making it a point to dial a surrogate's number in each city I visited. I must have made dozens of such calls, but I never reached anyone. In the end, my picture of Medicare came to resemble that of the Castle in Kafka's famous novel. The elderly were like the villagers who lived in the valley below. "There's no fixed connection with the Castle," explains the village Mayor, "no central exchange that transmits our calls farther. When anybody calls up the Castle from here, the instruments in all the subordinate departments ring, or rather they would ring if practically all the departments—I know this for a certainty—didn't leave their receivers off."

Medicare's failure either to speak clearly or to listen attentively—its essential dumbness and deafness—has kept the elderly in a steady state of nervousness. I was able to eavesdrop on a few of their anxious moments when I went to Arcadia, California, with Eileen Harper and Bess Bratter, young lawyers who worked for the nonprofit Medicare Advocacy Project in Los Angeles. They served as circuit-riding answerwomen for beneficiaries caught in the

coils of Medicare; one of their jobs was to visit different neighborhoods and suburbs and try to untangle the knots.

Harper and Bratter set up shop one morning in the Arcadia Town Hall, using the auditorium stage as their office and a long conference table as their desk. People seeking help filed in all day long; many needed the table's full length to accommodate the thick bundles of Medicare documents they had brought with them.

Most of the questioners revealed only a scant knowledge of how the program functioned. Often they seemed unaware of Medicare's multiple imposts—the deductibles and copayments that the program exacted from the beneficiaries. Quite a few, in fact, had the impression that Medicare paid for everything, including prescriptions and eyeglasses, which it does not.

Mary Berlin walked in with a cane and needed help mounting the two steps to the stage. The year before, she told Harper and Bratter, she had gone twice to the hospital—once for "an operation on my innards" and again "because I was full of adhesions from the first operation." While there the second time she suffered a stroke. Now the hospital was dunning her for $870 that she didn't think she owed. She thought Medicare had paid for everything.

"I don't have the money," she said. "All I get is the Social Security and the union pension." Her Social Security benefit was $499 a month; her monthly pension, the reward of 48 years as a garment industry seamstress, came to $88.

Scanning the EOMBs Mrs. Berlin had brought along, the attorneys could not be sure who owed what to whom. They suggested she call Blue Cross, the local intermediary, but Mrs. Berlin said she had done that already: "I had a hard time getting through, but one time I did talk to someone up there. I gave him my number because he said he wanted to call me back. Well, the next day the phone rang but by the time I got there the party was gone. It takes me about 10 rings to get from the kitchen to the phone. Maybe they were in a hurry."

Bratter and Harper made an effort to explain Medicare's complex benefit rules, emphasizing the deductibles and the copayments. "Yes," said Mrs. Berlin, "those things you're telling me seem right. But when I get home I'll forget them. I'm 84 years old and I'm getting funny in the head."

In the afternoon there arrived a "snowbird" couple from Michigan's Upper Peninsula, who wintered each year in southern California. This winter they were renting a two-room trailer in space #22 of a camp on Live Oak Street in Arcadia. "We can't afford a real house," the wife explained, adding that her husband had worked "in the woods and in the mills all his life," but now he was retired. "We get a check for $266 from Social Security every month," she said, "and that's all we see."

She wore a short-sleeved gray dress, and her arms were brown and muscular. The husband seemed smaller and considerably older, but he looked resplendent in a purple jacket, red-checkered shirt and multi-hued trousers. The cap he carried matched his jacket and bore a John Deere imprint.

She did most of the talking at first. "He's 69 and he's hard-of-hearing," she began, "so you'll have to talk loud. The left ear is his good one. He's not what you'd call sick. It's just that last summer he was feeling weak and the doctor put him in the hospital for lots of tests. We're still paying for them tests."

The husband spoke up. One series of tests, he said, "was when the doctor put me under these machines. I believe we paid for that one." He also must have been given blood tests, because "we are getting these bills from some doctor we never seen. He calls himself a hematologist." The hematologist's bill was for $953.

They had received several checks from Medicare and had passed them along to one doctor or another, never certain they were paying the right amount to the right creditor. "Medicare don't say who the checks are for," the wife complained, holding up a packet of papers. "It's supposed to all be in here but I can't make it out. They keep sending us forms and we keep sending them back. Our cousin in Michigan helped us fill them out."

She spread the papers on the table for the attorneys to read. One paper in particular caught Harper's attention. "It looks like you bought extra insurance from Union Fidelity and Globe," she said, "and you're paying them $46 a month. Is that correct?"

"Sounds right," the husband answered. "Fellow got me out of bed to sell me the policy. We got no phone so he just come one night and knocks on the door. We were asleep."

"Have you put in a claim to Union Fidelity?" Harper asked. "Have they sent you any money?"

"Can't say for certain. Don't think so.'

The "extra insurance" that the husband had been roused from bed to buy was a "medigap" policy, so named for its alleged power to fill the holes in Medicare's own sieve-like coverage. But medigap, a $6 billion a year industry, is itself gap-ridden. Its payments defray the elderly's total health care expenses by just 5 per cent, compared with Medicare's contribution of 44 per cent.

Worse, many of Medicare's corporate surrogates are also in the medigap business, and this has created a king-sized conflict of interest that nobody likes to talk about. Much of the trouble arises from medigap's oddly dependent role: It plays caboose to Medicare's little engine that can't. To enlarge the metaphor, medigap offers its policyholders end-of-the-train protection mostly for deductibles and co-payments.

The resulting temptation to surrogates is easy to understand but perhaps hard to resist. To deny a Medicare claim is to withhold a medigap benefit. In effect, the pitcher becomes his own umpire—and the elderly patient strikes out.

It is fashionable nowadays to speak glowingly of the achievements of public-private partnerships. In the case of Medicare we have less a partnership than a shabby alliance, whereby government responsibilities are delivered up to market place appetites. Congress should restore Medicare to its rightful owners. That's us.