What Does It Take To Run Medicare And Medicaid?

Listening to beneficiaries' voices over the noise in Washington, D.C., is the key to success and fulfillment.

by Nancy-Ann DeParle

Wanted: senior health policy official to lead $300 billion agency that insures more than seventy million elderly, disabled, and low-income Americans. Job comes with inadequate administrative resources and many bosses, including 535 members of Congress, the White House, the Inspector General, and the U.S. Government Accountability Office (GAO). Mandate to implement complex and contentious law that will cut payments to virtually every hospital, physician, home health agency, and nursing home in the country. Faint of heart need not apply. Thick skin a plus.

Who would take this job? Me, and it turned out to be one of the richest experiences of my life. It was also one of the hardest, for I oversaw the Health Care Financing Administration (HCFA) during the only time in Medicare's history when spending declined. Real spending in 2000 was lower than it had been in 1997. The sweeping, bipartisan Balanced Budget Act of 1997 helped balance the budget and extend Medicare solvency by almost three decades. Many of its provisions created incentives for more efficient and higher-quality care. But it was a wrenching experience for health plans and providers, who after years of double-digit rate increases found their reimbursements flattened.

A big part of my job as administrator involved working with Congress as it responded to the inevitable political outcry from the fiscal pain. Having fought to put limits on Medicare's spending growth, many found their zeal dissipated as the complaints arose in their districts. HCFA was a natural target, with the added allure, for the Republican majority, of being under Democratic management. My term began with hearings where—or so it seemed to me—I was alternately chastised for most of the law's 335 provisions and then chided for not implementing them quickly enough. (I did have one advantage over past administrators: I arrived at one important hearing five months pregnant, which I was later told spared me the worst of the planned grilling.) I knew that to succeed I had to improve the agency's relationship with Congress. So I tried to build personal ties—traveling to...
I am proud of many things we accomplished. We published the first state-by-state data on the quality of care received by Medicare beneficiaries. We reported on nursing home safety and quality on our Medicare.gov Web site, laying the groundwork for today’s “pay-for-performance” initiatives. We launched the first major effort to educate Medicare beneficiaries and their families since 1965, and we conquered (contrary to some predictions) the Y2K claims payment challenge. We overhauled the coverage process, creating more transparency and better decisions about new treatments. We worked with the states to launch the State Children’s Health Insurance Program (SCHIP), covering millions of children in low-income working families. And last but not least, we cut Medicare’s 14 percent payment error rate in half, helping restore the public’s confidence that their money was not being wasted. “Government bureaucrats” may get a bad name, but I found the HCFA staff to be unfailingly resourceful and tenacious in tackling these challenges.

The noise in Washington can make it hard to hear the voices of Medicare and Medicaid beneficiaries. I tried to get out every month to senior centers, Social Security offices, nursing homes, or dialysis centers. Those trips offered a powerful reminder of how vital Medicare and Medicaid are to their beneficiaries. I arrived at the Marconi Senior Citizens Center in Philadelphia one day after lunch, just as bingo was beginning. Living dangerously, I interrupted the play to ask about Medicare. They indulged me, demonstrating an impressive grasp of the details of HMOs, “EOMBs,” and the like. Once the bingo resumed, a woman in her mid-eighties approached me. “Do you really see the president?” she asked. “Because if you do, would you tell him something for me?” When I assured her I would, she said: “Tell him thank you for Medicare. Because my parents didn’t have anything, but thanks to Medicare, I don’t have to worry.”

President Clinton understood this. His stewardship of Medicare and Medicaid should be remembered for his repeated—and courageous—veto of the “Contract with America.” It would have reduced Medicare spending by $270 billion over five years by capping the entitlement and turned Medicaid into a block grant—bad news for my friends at the Marconi Center.

They, and tens of millions like them, rest better every night because of the commitment our country made to them through Medicare and Medicaid. As we celebrate their fortieth anniversary, let us also recommit ourselves to strengthening these twin pillars of the health care safety net.