

BMJ 2003;327:1413 (13 December),

A gift for Thanksgiving

Passed in November just before Thanksgiving, the US Medicare reform act is so complicated that it is still unclear who should be giving thanks and who should not (bmj.com 29 Nov 2003, News Extra). At first sight it is a victory for the president, who fulfilled his election pledge to provide affordable prescription drugs to people over 65 and who should have enhanced his re-election prospects. Future taxpayers may give no thanks, because the estimated \$400bn (£231bn; 328bn) cost over 10 years may well lead to higher taxes. Insurance companies and employers receiving subsidies to continue employees in their plans are momentarily pleased, and so are the drug companies, which may however end up with price controls some day. At present the Republicans can claim credit for passing a bill after six years of debate and wrangling, but there could be a backlash if senior citizens discover they have to pay for something they now get for free.

Many of the bill's provisions do not become effective until 2006, leaving future administrations to pick up the pieces. In 2004 senior citizens will get a 15% discount card for prescription drugs. In 2006 there comes a complicated system in which seniors pay the first \$250 in drug costs, then only 25% until they spend \$2250 (insurance pays the rest); coverage ceases until \$3600 is spent out of pocket, and then the government takes over and pays 95%. People on high incomes (more than \$80 000 a year) will pay higher premiums, while those on low incomes (less than \$12 000) will have no deductions and pay less than \$5 a prescription. There are numerous subsidies, generic drugs will be promoted, and—to the delight of drug companies—the government will not be allowed to negotiate prices.

The bill passed by 220 to 215 in the House of Representatives and by 54 to 44 in the Senate, after much horse trading and arm twisting and crossing of party lines. It has been characterised as a historic achievement; a tour de force; a red-letter day for seniors; a grand political compromise; a deeply flawed bill; a historic sellout; a financial disaster; a giveaway to special interests; and the beginning of the end for the Great Society.