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Hospitals oppose Obama's Medicare, Medicaid cuts

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By CHARLES BABINGTON

WASHINGTON (AP) - President Barack Obama said Saturday he wants to help pay for his health care overhaul by slowing Medicare and Medicaid spending, but hospitals, medical technicians and others are resisting.

The high-stakes struggle over medical care is heating up as Obama declares the status quo unacceptable.

The president suggests trimming federal payments to hospitals by about \$200 billion over the next 10 years, saying greater efficiencies and broader insurance coverage will justify the change. Hospitals, especially those with many poor patients, say the proposed cuts are unfair and will harm the sick and elderly.

Congress ultimately will shape the new laws. Obama is urging lawmakers to be bold and to resist powerful lobbies trying to maintain their clout and profits.

"Americans are being priced out of the care they need," Obama said in his weekly radio and Internet address.

Obama said high health care costs hurt the entire economy and contribute to the nearly 50 million people who lack coverage. His address focused on payments to Medicare and Medicaid, which cover millions of elderly and low-income people and involve thousands of doctors, hospitals, nursing homes and other institutions.

He proposed cutting \$313 billion from the programs over 10 years. That's in addition to the \$635 billion "down payment" in tax increases and spending cuts in the health care system that he announced earlier.

Together, Obama's plans would provide \$948 billion over a decade in savings and/or tax increases to help insure practically everyone and to slow the rate of soaring health care costs.

The president wants to cut \$106 billion over 10 years from payments that help hospitals treat uninsured people. Spending on Medicare prescription drugs would fall by \$75 billion over a decade.

And slowing projected increases in Medicare payments to hospitals and other providers - but not doctors - would save \$110 billion over 10 years, the president said.

Obama called them "commonsense changes," although he acknowledged that many details must be resolved. Some powerful industry groups called the proposals unwise and unfair.

"Payment cuts are not reform," Rich Umbdenstock, president of the American Hospital Association, said even before Obama's plan was announced. His group is urging hospitals with large proportions of low-income patients "to push back on proposed cuts."

The pharmaceutical industry is wary of Obama's plan to extract \$75 billion over 10 years from Medicare prescription drug spending. The White House said "there are a variety of ways to achieve this goal." For instance, it said, drug reimbursements might be reduced for people who receive both Medicare and Medicaid.

The drug manufacturers' chief trade group issued a cautious statement Saturday, saying pharmaceutical companies support health care changes, but that much work remains to be done.

An industry group that which represents makers and users of medical imaging devices, such as MRI and CT equipment, was more hostile.

Obama wants to reduce government payments for such services. He said the devices are used so frequently

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and efficiently that providers can spread their costs over many patients, requiring less government reimbursement.

The Access to Medical Imaging Coalition, a trade group, disagreed. It said the president's plan would "impair access to diagnostic imaging services and result in patients' delaying or forgoing life- and cost-savings imaging procedures." The group said Obama's efficiency estimates were based on a flawed survey.

Even if Obama and Congress could hit the overall goal of \$948 billion in health care savings over 10 years, it still might not be enough to cover all the nation's uninsured. Outside experts say the 10-year cost could range from \$1.2 trillion to \$1.8 trillion, depending on factors such as how generous federal subsidies turn out to be. One Senate proposal would subsidize families making as much as \$110,000.

The administration wants to hold the cost to about \$1 trillion, and Obama says the plan must not add to the federal deficit.

His budget director, Peter Orszag, told reporters that \$948 billion "is in the ballpark of many of the proposals floating around," and that "there may well be some additional resources that are necessary." He said the administration will work with Congress.

But the president's earlier package of \$635 billion in spending cuts and tax increases has gotten a cool reception from lawmakers. And there's no clear indication the latest proposal will fare any better.

House Republican leader John Boehner of Ohio said Medicare and Medicaid need reform, "but serious changes should not be rushed through Congress as part of a new government-run program that will raise taxes and make health care more expensive."

Associated Press writer Ricardo Alonso-Zaldivar contributed to this report.

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