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Op-Ed: Proposed Medicare and Medicaid Cuts Break an American Promise

By Jason Bailey

For most advanced countries, health care is treated as a societal covenant in which all citizens have coverage for treatment of sickness, pain and disability.

America has never made that universal covenant. But when the Medicare and Medicaid programs were enacted in the 1960s, our country did make an important promise: basic health security for seniors, people with disabilities, and children living in poverty.

Now, Rep. Paul Ryan and the leaders of the U. S. House of Representatives have put forward a proposal that would break that promise.

Ryan's new budget plan would deliberately erode the share of Medicaid and Medicare expenses the federal government will pay. That will unquestionably lead to loss of health care coverage, access and benefits for millions of Americans.

The House plan is wrapped in rhetoric about fiscal responsibility and reducing the deficit. But it has no credibility on that claim. The plan contains deficit-worsening measures including huge new tax cuts for the wealthiest Americans and for corporations and repeal of the Affordable Care Act, which independent analysis has shown reduces the deficit in coming years.

The plan redistributes wealth to the top and embodies an ideology that says government has little responsibility to provide for the common good and secure a basic standard of living for all.

But those justifications are a hard sale, so Ryan and allies are trying to hitch their proposals to real economic challenges related to rising health care costs and eroding middle class economic security.

But the real challenge the country faces in regard to rising health care costs is not caused by Medicare and Medicaid.

Those programs are far more efficient than private health insurance. Medicaid costs less than private insurance once you adjust for health status—27 percent less for children and 20 percent less for adults. Medicare and Medicaid costs per beneficiary have been growing slower than private insurance.

Instead, unsustainable cost growth is about the entire health care system. We don't spend enough to prevent health care problems or treat them early on, so we end up spending more later. We allow incentives for overutilization of expensive medical technologies without understanding their effectiveness. We don't do enough to stand up to powerful corporate interests in the insurance, pharmaceutical and other health care industries.
The proposals in Ryan’s plan would limit the federal government’s contribution to Medicare and Medicaid to less than the cost of care in coming years. That will mean a big shift in costs either to states (in the case of Medicaid) or, more likely, to the elderly, poor and disabled. That will take the form of higher premiums and co-pays, reduced benefits, cuts in eligibility, and reductions in provider payments—a formula for greater financial strain on families and lower access to needed care.

Congressional Budget Office analysis shows that in 2022 a typical 65 year-old would pay twice as much out of pocket for Medicare under Ryan’s plan than without it.

Medicaid and Medicare are essential to health security in Kentucky, and will become even more important. The Affordable Care Act that Ryan proposes to repeal is scheduled to fill the hole in coverage for 261,000 uninsured Kentuckians through Medicaid. The share of the population over 65 in Kentucky, who benefit not just from Medicare but also Medicaid’s support for nursing homes, will grow from 13 percent now to 20 percent by 2030.

In another health care struggle of a different time, President Harry Truman lamented that "millions of our citizens do not now have a full measure of opportunity to achieve and to enjoy good health. Millions do not now have protection or security against the economic effects of sickness. And the time has now arrived for action to help them attain that opportunity and to help them get that protection."

Truman couldn’t achieve that goal, but he was on hand two decades later when President Lyndon Johnson signed the legislation creating Medicare and Medicaid.

Plans like Ryan's call the future of that 45 year-old achievement into question.

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