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Medicare & The Society We Want

Michael Sean Winters | Jan. 15, 2013 Distinctly Catholic

Medicare will cost approximately $500 billion this year. In 1980, which was not that long ago, Medicare cost $37.4 billion. This increase is the single largest reason the government?s long term fiscal picture is clouded and it must be addressed. So, as the Congress and the President begin to negotiate their way through the budgetary issues that face the country in the next few weeks, it is good to set out some first principles.

There are a variety of reasons for the increase, and two stand out, one technological and the other demographic. Since 1980 a range of new technologies have improved the quality of health care from MRI?s and the expensive machines that perform them, to almost-routine heart surgeries, to new medicines that treat previously untreatable conditions. All of these technological advances are good things, things we should celebrate and, alas, things we must pay for as a nation.

The other significant source of the increased costs is demographic: Our population is aging and the baby boomers are now becoming eligible for Medicare. Of course, one of the reasons our population is aging is because of our successful treatments that allow people to live longer. But, mostly, we have begun a generational shift in which more and more older retirees will be taking resources from Medicare while fewer and fewer younger workers will be paying into the Medicare system. In twenty-five years or so, those demographics shift, as the post-baby boom generation, with its fewer numbers, begins to retire, but getting there will be fiscally challenging.

How to meet the challenge? The first and most obvious step is to control the costs of health care more generally. It is too soon to tell what effects the Affordable Care Act will have on health care costs. We do know that the increases in annual health care costs have leveled out over the past few years, and there is some debate as to why, with some attributing the slower increase to the lingering effects of the recession and others to cost-saving efforts within the industry. It is notable that other countries that have some variation of a single payer system have done a much better job controlling health care costs, spend about half what the U.S. does on total health care expenses, and has overall health outcomes that are as good or better than what we have achieved in the U.S. with all of our spending. Of course, there are some horror stories about people denied care in Canada or in the UK, but those are anecdotes not an argument. Every system is going to make mistakes. Overall, there is simply no arguing that our crazed, Byzantine health care system is the best way to approach the issue of delivering health care. But, if you are holding your breath for a single payer system, you will be holding it for some time.

For Catholics, there should also be no argument about the nature of the entitlement itself. We do believe that human beings are entitled to health care. The Holy See, on repeated occasions, has emphasized the fact that the Church considers health care a basic human right. We also can recognize that Medicare, along with Social Security, are among the most effective anti-poverty programs in the history of the world. Millions of individual Americans and their families would be crushed by health care costs were it not for Medicare. If there is to be a crushing, better we as a nation get crushed together and share the burden than leave the poorest Americans to fend for themselves.

There are certainly ways to tinker with the Medicare program to promote savings. The government itself reported through its General Accounting Office that Medicare made more than $28.8 billion in improper payments in 2011. Over ten years, saving almost $290 billion by stopping improper payments would go a long way towards closing the budget gap without touching any proper payments to beneficiaries or providers. But, even with the tinkering, something more needs to be done.

The answer seems obvious to me: Raise taxes. We set up a system in the 1960s that now costs more. I used to be able to buy a car for under $10k, and I can?t anymore. Costs go up, and we pay the higher cost. It is not like we are not getting something, indeed something essential to our national life, the protection of the dignity and health care of our elderly, from Medicare. Additionally, we could raise taxes for twenty-five years or thirty years to get us through the demographic hump of baby boomer retirement. Then, let those taxes expire. What we cannot do is continue to put annual costs on the nation's credit card. We should pay our way as we go, not saddle future generations with unsustainable debt. I do not believe long-term deficit issues are the most pressing issues we face today, but we should look to bend the deficit curve as President Bill Clinton did in 1993.

I can hear the cries from the right that raising taxes is a bad idea, that it will hurt economic growth, etc. I don?t see it. At times of national emergency, no one asks about how to pay for a given remedy. When World War II broke upon the world, Winston Churchill, who was not a big spending liberal, urged and achieved the confiscation of all virtually all profit for the duration of the war. In the U.S., after the attacks of September 11, no one said that we could not afford to go after Al-Qaeda ? although, regrettably, President George W. Bush did the nation a great disservice by failing to ask Americans to pay for that effort. Why does an emergency have to be external and militaristic to achieve a sense of national purpose? The increased expense of Medicare is internal and peaceful, but it is no less an emergency if the current system threatens to bankrupt the country.

Ours is a rich country. During the debates over the fiscal cliff, I heard both conservatives and liberals say that, whatever their position on the expiring Bush tax cuts, they understood that for some people who live in major urban areas, making $250,000 per year does not make one rich. I was stuck by this. Making $250,000 certainly does not make one poor. It is true that one?s lifestyle choices remain essentially middle class if one makes that kind of money: You can?t afford a driver, you can?t necessarily afford a full-time staff, you may or may not be able to afford a vacation home. But, you don?t have to worry about paying the bills at the end of the month the way many Americans do. You don?t have to worry, really worry, about paying your health insurance premiums or for college for your kids. A sudden and unexpected vet bill does not sink you. You may not be rich but you surely are not poor.

Alas, I am afraid that the prospect of lowering the cap on income subject to the new tax rates has come and gone. But, in enacting some version of tax reform, surely whatever savings are achieved through closing loopholes should go first to the Medicare and Medicaid programs. Perhaps the payroll tax that funds Medicare could be extended to non-wage income as well. Perhaps, that rate could go up a percentage point ? it is not like we are not all getting something for the increase, we are getting Medicare and Medicaid, we are getting a society more just and also more secure than we would have without these vital programs.

Next week is the Right-to-Life March. I hope those who march will think about the pro-life implications of

cutting Medicare or Medicaid. If we, as a nation, decide to burden seniors with more of the health care costs, how will that make them view their later years? Already, in our culture that celebrates utility and youth ad nauseum, seniors can feel useless and ignored. If you then, say, hand them a pamphlet from the Hemlock Society, how many more will entertain the vile suggestion that they end their own life because they fear burdening their families with their own health care costs? Almost half the live-births in this nation are paid for by Medicaid. If we cut those benefits, or fail to extend them under the provisions of the ACA, how many poor women will chose a cheap abortion over an expensive pregnancy?

The question of what to do about Medicare and Medicaid is, most fundamentally, a question about whether or not we as a society value solidarity with our seniors over higher disposable income. For Catholics, that is not a tough call.

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