

MEDICARE: Need An Escape Plan, Not a Rescue Plan

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The question is asked: “Should means-testing be one of the tough choices for the impending crisis in Medicare?” It depends.

Any solution for the Medicare crisis must be based on American principles of individual freedom and personal responsibility.

Before racing to rescue Medicare, we must first consider whether it’s worth saving.

There are at least three reasons it may not be.

First, Medicare is a Ponzi scheme. The first recipients got the promised benefits in full. In 1966, nearly 20 million people entered the program without paying a dime. Today’s recipients have seen the promise falter. According to author Sue Blevins in *Medicare’s Midlife Crisis*, seniors are paying almost as much out of pocket now as they were before Medicare began. And for future recipients, the working young, the promise is made of air. Medicare insolvency is expected in 2018.

Second, Medicare has been severely under-funded from the beginning. Consider the 1.45 percent payroll tax that funds Medicare Part A (hospitalization insurance). After 45 years of work, a person earning \$35,000 a year has contributed only \$22,837 for what could be 15, 20, 30, or more years of Medicare in-patient services. Moreover, nonworking spouses pay nothing into the program but are entitled to receive benefits.

Third, Medicare is big government at its worst. Forty-one years of entitlement spending has led to an enormous federal bureaucracy, a blizzard of paperwork requirements, bureaucratic controls on the practice of medicine, over 130,000 pages of oppressive Medicare regulations, numerous reimbursement-based rationing strategies, the

nationwide imposition of managed care, and a national budget crisis.

Means-testing is not going to liberate patients and doctors from the wholesale tyranny that Medicare has become.

Be advised: This discussion is not for the fainthearted. Entire industries depend on Medicare staying in business. Moreover, the very idea of bidding farewell to Medicare strikes fear in the hearts of seniors.

Yet exposing a few little-known but disturbing facts about Medicare may change their minds:

- Congress prohibits Medicare patients from paying cash to receive treatment denied by Medicare – unless the doctor agrees not to take Medicare payments for two years.
- Citizens who refuse to sign up for Medicare Part A (hospitalization) lose all Social Security benefits. Citizens who disenroll must repay benefits received.
- Congress is paying Medicare HMOs (Medicare Advantage) 18 percent more per senior than what is paid through traditional Medicare, perhaps to entice seniors to HMOs.
- Congress has begun paying Medicare bonuses to doctors who comply with government and HMO treatment directives.

Imagine the future. As seniors flood into Medicare, scarce federal dollars will become scarcer. Health care rationing will likely, by necessity, be instituted.

America needs a Medicare escape plan, not a Medicare rescue plan. With millions of lives at risk, thoughtful, innovative measures must be put in place to avoid the unfortunate possibility of Congress being distracted from implementing more effective, long-term, life-affirming measures.

Such measures should include:

- repealing the Medicare prohibition against cash payments
- mandating that health insurers offer lifetime insurance policies, and
- allowing and encouraging voluntary Medicare disenrollment without penalty.

Innovative ideas may include:

- providing disenrollees with 15 years of federal tax credits commensurate with today's per-senior payment to Medicare HMOs
- ending taxation of Social Security benefits, establishing a specific tax deduction for medical charity, and
- implementing the proposal recently announced by U.S. Sen. Tom Coburn, a physician.

place soon. While means-testing could temporarily relieve Medicare's budget woes, it may

Senator Coburn's Universal Health Care Choice and Access Act would allow today's workers to take the Medicare payroll taxes they pay and voluntarily invest them in tax-free savings accounts they would own. Retirees could use these Medicare Retirement Accounts together with Senator Coburn's Med Choice tax rebate to retain their previous health insurance policies.

The United States needs a bold new vision for health care.

The real question is not whether to use mean-testing to save Medicare, but how to rescue the Medicare dependent while building a bright Medicare-free future for all Americans.

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