

# The Columbus Dispatch

## Medicare, Medicaid reach 50th birthday amid questions on future

Written by: Ben Sutherly, July 30, 2015

As Medicaid and Medicare turn 50 today, Ohio is nearing a related milestone of its own: Soon, 5 million of the state's 11.6 million residents will rely on at least one of the two massive government programs for their health care.

Both Medicare and Medicaid carry hefty price tags that, when combined, approach \$1 trillion annually and rank behind only Social Security.

Questions of sustainability and insolvency swirl as enrollment booms in both programs. Medicare, for example, enrolls about 100,000 newly eligible Ohioans every year, and nationwide, about 10,000 baby boomers each day.

Still, through the generations, the two health-care programs have become hard-wired into American culture, giving more than 120 million people some peace of mind about how large bills will be paid if they fall ill.

Federally funded Medicare has evolved into a rite of passage for virtually all Americans 65 or older, as well as some people with disabilities.

Medicaid serves as a federally and state-funded, income-based safety net that pays for more than half of the births in Ohio and is the largest payer for nursing-home care in the state. It accounts for 4 percent of Ohio's economy.

In short, many say, it's hard to imagine our society without Medicare and Medicaid.

Medicaid has evolved from a program for low-income mothers and their children into a major health-care program for working people and families who can't afford health coverage, said Cathy Levine, executive director of the Universal Health Care Action Network of Ohio.

"Without Medicaid, you would have low-income children and adults, people who are totally disabled, the elderly, going without care," Levine said. "As a society, we find that intolerable."

To a lesser extent, Medicare also is sometimes seen as a handout, but it's a program that its beneficiaries have paid into, said Luke Russell, manager of government relations and communications for AARP Ohio.

"This is a lifeline for those millions of Ohioans who, prior to Medicare, had really no means to get health insurance if they were not in the workforce," Russell said. "It has brought health security to millions of Americans."



Single mom Heather Nesser of Columbus is grateful that Medicaid was available for her and her daughters, Olivia, left, and Claire, after Heather lost her job with a logistics company in February.

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While both programs have laudable goals, some critics say the approach that each takes should be overhauled.

Medicare's hospital insurance trust fund, a common measure of the program's fiscal health, is expected to remain solvent through 2030.

Some Republicans say that as the number of workers per retiree shrinks in the next several years, it's prudent for the federal government to shift to a "premium-support" model through which the government would give beneficiaries a defined amount of money to defray the cost of coverage through a range of competing plans.

Greg Lawson of the conservative Buckeye Institute likes that approach. "Just because we want to do something good for people doesn't mean we should indebt entire future generations to accomplish that," he said.

But Dr. Robert Berenson, a former Clinton administration official who studies Medicare for the Urban Institute, said per-capita costs in the program have grown at a slower rate than the economy as a whole for five straight years, undercutting arguments that Medicare spending is out of control.

"The spending is actually under very good control," Berenson said.

In part, he said, that might be because hospitals and doctors are getting the message that Medicare and Medicaid are getting more serious about reining in costs.

Still, the number of Medicare beneficiaries is expected to soar from 55 million to 64.4 million by 2020 and 81.8 million by 2030, when the entire baby-boomer generation will have passed age 65.

In addition to "premium support," proposals have been floated to raise both the eligibility age and payroll taxes, which partially fund the program.

Another important trend in Medicare is the shift of beneficiaries into privately run Medicare Advantage plans, which often cover benefits that traditional Medicare doesn't, such as vision and dental. But federal payment rates are declining, and it's possible that the plans could become less generous.

Gov. John Kasich's push in 2013 to expand Ohio's Medicaid program under the Affordable Care Act has been one of the largest flashpoints in the tug of war between those who want to expand access to health coverage — heading off the need for more expensive care for those whose health status deteriorates without preventative care — and those who say the long-term costs would be too steep.

A more recent fault line: a provision in the state budget that authorizes the state to seek federal permission to allow Ohio Medicaid to drop adult beneficiaries who don't pay 2 percent of their income or \$99, whichever is less, into a health savings account every year.

The provision, which might not be approved by the federal government, would apply even to people whose incomes are below the federal poverty line.

Both Medicare and Medicaid enjoy broad public support; each are considered "very important" programs by 77 percent and 63 percent of Americans, respectively, according to a poll conducted this spring by the Kaiser Family Foundation.

Paula Gayness, 67, of Columbus, said she's been pleased with her coverage through the traditional Medicare program. She said she is happy with her coverage for colonoscopies and other routine care, as well as chiropractic care for a back injury.

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She said she maintains dental coverage through her employer, though she plans to retire from her job in the construction industry later this year to start a bed-and-breakfast.

“As it stands ... it’s a good program,” Gayness said. “It’s affordable. It’s pretty straightforward.”

Heather Nesser, 32, of Columbus, had to come to terms with the stigma some people still attach to Medicaid after she lost her management job at a logistics company in February.

Growing up in a middle-class household gave Nesser a sense that Medicaid was a handout.

“I had hesitation signing up for it,” she said. “I didn’t want to be seen as someone having to have Medicaid.”

But the single mom said she had little choice but to enroll herself and her two daughters, ages 8 and 9, in the program. She has asthma and couldn’t go without the medication.

When she picked up her first prescription for her medication, she had concerns about where she would find the money for even a modest co-pay. When she learned she wasn’t liable for any of the cost, “I cried at the CVS.”

As she begins a part-time job as a school photographer, Nesser said her perception of Medicaid has changed.

“Am I going to have to be on Medicaid forever?” she said. “No, but I’m so glad it was here when I needed it.”