Medicare and Medicaid Turn 50: Born from Compromise, Continuing in Controversy

Written by Kathleen Vinehout, State Senator 31st District

Tuesday, 28 July 2015 08:49 - Last Updated Tuesday, 28 July 2015 09:22

http://newiprogressive.com/images/stories/S5/elderly-s5.jpg

Sen. Kathleen Vinehout writes about the 50th birthday of Medicare and Medicaid. These health programs provide access for the elderly and people without the means to purchase health insurance. Medicare moved many elderly out of poverty and Medicaid is important not only to those covered but the health providers which serve them.

ALMA, WI - "Whatever you do," the elderly woman in Gilmanton told me a few years ago, "Keep your government-run hands off my Medicare."

Medicare and Medicaid turned 50 years old on July 30, 2015. After decades of political leaders grappling on the issue of health care, it was in 1965, that then President Lyndon Johnson signed Medicare and Medicaid into law.

Today we take for granted what was a seminal political accomplishment. Medicare, a federally run program, provides health care for those over 65 through a Social Security payroll tax. Medicaid, a state and federally administered health program, provides aid for the poor. Both are government-run.

The Center for Medicaid Advocacy reported that before Medicare, less than 50% of elders had health insurance and 35% lived in poverty. By the 1970s, 96% of seniors were covered.

In our current era of health care controversy, we often forget the past political struggles. President Johnson sent "Medicare" bills to Congress in 1961 and 1962. Congress did not even give the bill a hearing until 1963.

Success in Medicare and Medicaid legislation was finally achieved through political compromise. Medicare "Part A" benefited hospitals. "Part B" benefited the oppositional Medical Society.

Medicare and Medicaid Turn 50: Born from Compromise, Continuing in Controversy

Written by Kathleen Vinehout, State Senator 31st District
Tuesday, 28 July 2015 08:49 - Last Updated Tuesday, 28 July 2015 09:22

The concept of a 'fiscal intermediary' or the 'moneyman in the middle' that paid providers was a nod to hospitals and especially physicians who worried the legislation would open the door to 'socialized medicine', which they feared would drive down physicians' salaries. To address this fear, Medicare paid physicians 'usual' and 'customary' fees; and what began as a creation of the hospitals and the doctors: Blue Cross (hospital insurance) and Blue Shield (physician coverage) pay providers of Medicare coverage.

While Medicare for all elderly – not just poor elderly – was a victory for Johnson, Medicaid – care of the poor – benefited those without the means for health care as well as doctors and hospitals.

Many hospitals have their genesis in care of the poor. Religious organizations served the poor through "hostels" during the Middle Ages. Wealthy individuals could afford private doctors and live-in nurses. Poor folks had no choice but charity.

In the mid-twentieth century, unions had raised wages and benefits. Health care became a standard benefit. However, left out were the elderly (who worked prior to the strength of unions) and the poor who worked in 'day-labor' without union representation.

Hospitals continued charity care but realized the benefits of a program that covered poorer folks. About the time of the first hearing on Johnson's 'Medicare' bill, the Hospital Association dropped its opposition because they realized the potential benefits of Medicare and Medicaid.

The original compromise that created Medicare and Medicaid was never designed to control health costs or to cover preventive or maintenance of health care. Johnson's compromise was designed to pass the legislation.

Over the years, health costs have grown and government has put in place a number of 'cost savings' measures. Blue Cross and Blue Shield eventually divested themselves of their founders: the hospitals and physicians. They even divested of their non-profit roots in Wisconsin and many other places. Medicare moved toward a plethora of for-profit insurance plans - with mixed results.

Medicare and Medicaid Turn 50: Born from Compromise, Continuing in Controversy

Written by Kathleen Vinehout, State Senator 31st District
Tuesday, 28 July 2015 08:49 - Last Updated Tuesday, 28 July 2015 09:22

Within states, the mechanisms for administering Medicaid increasingly involved contracts with for-profit companies. In Wisconsin, these costs more than doubled in the last 5 years. The budget just passed provided a 20% cost increase for health administration contracts with private companies.

Medicare and Medicaid continue to struggle balancing costs and quality care. In Wisconsin Medicaid takes up 32% of the total (all funds) state budget and is growing faster than any other program. About 80% of the over $2 billion increase in state spending went to Medicaid.

Increases in costs and the number of elders caused some to speak of "phasing out" Medicare. Do we really want to go back to a world where 35 out of 100 seniors live in poverty?

Future generations will grapple with balancing health costs, high quality and access. There are answers. One of the unsung successes of the Affordable Care Act is the Center of Medicare and Medicaid Innovation. Using science and best practices in health care can help manage costs and provide high quality coverage for generations to come.

###

Comment on the Blog here .