

OUR VIEW

Reform projections are probably way off

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"If wishes were horses beggars would ride."

We are reminded of that old Scottish proverb as health care "reform" marches through the U.S. Congress. There are a lot of good ideas, but we have no faith in the U.S. government's ability to pay for it all.

Two things worry us the most.

First, the tendency of most federal benefit programs to far exceed their original projections.

Second, the vague nature of the \$400 billion in Medicare cost reductions which are budgeted to occur.

The goals of health care reform are, of course, laudable. We do need a health care system that covers more people, that does not punish people for pre-existing conditions and which rewards doctors and hospitals for healthy, efficient outcomes. That's the wish part.

We may not exactly be a beggar nation yet, but we have become the largest borrower nation on the planet, largely because of our historic refusal to pay for the government services and benefits we already have.

We're deluding ourselves if we think we can provide so much more health care while spending so much less. There is only so much fraud, waste, duplication and excess insurance profits to be squeezed out of the system.

Recently, the Washington Times compared the cost projections of several long-time government benefit programs to their actual costs, based upon numbers assembled in July by the Senate Joint Economic Committee.

In 1967, Congress projected the entire Medicare program would cost \$12 billion by 1990. The actual cost? \$98 billion, according to the Times.

In 1987, Congress projected that Medicaid relief payments to hospitals would cost less than \$1 billion by 1992. The actual cost: \$17 billion.

In 1988, Congress projected that the Medicare home health care benefit would cost \$4 billion by 1993. Instead, it was \$10 billion in '93.

As you can see, when it comes to health care, original Congressional estimates are not just off by a little, they are usually off by a mile. There's little reason to think the projections for the current plan will be any more accurate.

Combine that with the proven inability of Congress to ever cut existing health care costs.

For example, a budget bill passed by Congress in 1997 says Medicare spending cannot grow faster than the economy as a whole. But, since 2002, that formula would have required cuts in Medicare reimbursements to physicians and, every year since then, Congress has suspended those cuts. In fact, Congress is in the midst of doing so now, even as it budgets far larger cuts for the future as part of reform.

How is Congress going to cut \$400 billion from Medicare, which is already unsustainably underfunded. The short answer: It isn't.

Even if Congress does cut Medicare or Medicaid reimbursements, hospitals, nursing homes, doctors and other providers too often end up shifting those cost cuts to their insured and private-pay users.

Maybe this would all be possible if our federal charge card wasn't already smoking hot. We have borrowed to fight two wars. We have borrowed to bail out Wall Street and the auto industry. Medicaid and Social Security are severely underfunded just as millions of baby boomers begin to retire.

Again, we are all in favor of health care reform; the current system is broken and on a ruinous course.

But we're afraid the current proposals are reckless and unrealistic.