

HAPPY BIRTHDAY MEDICARE, MEDICAID AND SOCIAL SECURITY

n July 30, 2015, Medicare and Medicaid will celebrate their 50th birthday. In August of 2015 Social Security, celebrates its 80th birthday.

Amendments to the Social Security Act (Title XIX) that established guaranteed basic health coverage programs for all elderly, low-income adults and children, pregnant women, and people with disabilities were signed into law on July 30, 1965, by President Johnson These often maligned, essential social programs supported with employee pay deductions and premiums from subscribers, as well as American tax dollars have had a rocky existence over the past 50 years.

The growing and aging population, a shrinking workforce paying into the fund, the introduction of sophisticated medical treatments and technologies, the explosion of new high cost drugs, and other dynamics have forced Medicare and Medicaid into constant change and reevaluation.

Medicare

As the Baby Boom generation ages, Medicare will assume an even more important role in American life, leading efforts to strengthen and reform our healthcare delivery system to make it more efficient and affordable, while dealing with a growing multitude of chronic conditions.

Today, the [Medicare population](#) includes 46 million people ages 65 and older, and another 9 million adults younger than age 65 who qualify for Medicare because of a permanent disability. While some Medicare recipients enjoy good health and a comfortable retirement, many have significant health needs and frailties. Nearly half of all people on Medicare have four or more chronic conditions, nearly one-third have a cognitive/mental impairment, and about one-third are functionally impaired

In a poll conducted by the [Kaiser Family Foundation](#), keeping Medicare intact was favored by a two-to-one margin among people of all political persuasions. 90% of those polled who use Medicare reported positive experiences with the program. Nearly 60% also support raising Medicare premiums for wealthier seniors and two-

thirds of those surveyed support changing the program to make sure it's around for future generations. Additionally, nearly nine in ten people want to empower Medicare to negotiate with drug companies over their prices, This move is expressly forbidden under the 2003 law that created Part D prescription drug insurance.

However, with more and more people living into their eighties and beyond, [Medicare's challenges](#) will expand and test the endurance and commitment of the American people. A report from the Kaiser Family Foundation outlines these challenges as:

1. **Affordability.** Finding a way to make care more affordable in the context of ongoing budget concerns will be a continual challenge and source of tension. Medicare covers a basic package of health services, including prescription drugs. However, beneficiaries still have considerable out-of-pocket costs including premiums supplemental coverage, cost-sharing for various, sometimes pricey services that are not covered, such as dental care, eyeglasses, and long-term services. Additionally, Medicare still lacks an out-of-pocket cap—the most basic function of insurance protection. Roughly half of all people on Medicare live on an income of less than \$24,000 per person. For beneficiaries living on limited incomes, these high costs often impose a financial barrier to care.

2. **Sustainability.** Keeping spending under control, particularly with the growing number of beneficiaries, the introduction of expensive new drugs, technologies, and innovations will challenge the ability of the American healthcare System to sustain Medicare in the long run.

3. **Financing.** Even with the recent slowdown in Medicare spending per person, there is simply no way to accommodate the millions of baby boomers aging into the program, without finding additional funds to help pay for their care. If per person costs are held in line with the growth of the economy, (a very ambitious goal), the sheer number of beneficiaries will require an infusion of revenue to maintain the current program.

4. **Chronic care.** Clearly, among the great challenges facing Medicare and the nation is prevention of the onset of chronic disease and finding better ways to address the needs of high-cost patients who

have multiple chronic conditions. As beneficiaries live longer, they are more likely to have chronic diseases and co-morbidities adding to the complexity of their care and associated costs. These trends have broad implications for medical training, team-based care, patient engagement, caregiver support, and end-of-life care.

5. Longevity of Universal earned-benefit programs like Medicare and Social Security play an important role in mitigating inequalities. The growing gap between the “haves” and “have-nots” among the working population, along with increasing political polarization around entitlements, goes directly to the question of whether universal social insurance that includes everyone will survive

Medicaid

Medicaid was initially designed to cover medical expenses for the aged, blind, and disabled individuals, (parents and dependent children) receiving public assistance. Today, Medicaid provides health and long-term care coverage to nearly 70 million low-income Americans, including pregnant women, children and parents, people with a wide range of disabilities, poor seniors who are also covered by Medicare.

In states implementing the Medicaid expansion, established by the Affordable Care Act (ACA), Medicaid includes low-income adults who were previously excluded from the program. Prior to the implementation of the ACA, Medicaid covered roughly half of non-elderly Americans living in poverty. However, because of restrictive eligibility and gaps in participation, about half of poor people went without Medicaid coverage, which the ACA attempts to change.

Medicaid is based on a unique mix of federal and state financing and control, in contrast to Medicare, which is a national program governed by federal standards and rules, and financed entirely by the federal government. The Medicaid program is the second-largest item in state budgets, after elementary and secondary education, and the third-largest federal domestic program, after Social Security and Medicare. In FY 2013, combined state and federal [Medicaid spending](#) totaled \$438 billion. This has become a source of continual tensions over the balance between federal standards and state flexibility and over

Medicaid costs and financing. Medicaid's federal-state structure has also led to substantial variation among states, in nearly every domain of its program, design, and operation.

By filling gaps in coverage among all people of color, the program plays a key role in advancing health equity. Its comprehensive benefits for prenatal and pediatric care provide access to many services and support for millions of American children.

Medicaid also fills holes left by private health insurance, covering people who do not have access to job-based coverage. It provides coverage to severely disabled and chronically ill people who do not fall under Medicare coverage. In many regions of the country, Medicaid programs have been leaders in innovative programs such as the patient-centered medical home, as states seek new models of coordinated and integrated care for people with complex needs.

The next fifty years will be a true test of our collective ability to realize the promise of a health care system that was restructured to be more efficient and equitable, with the formation of Medicare and Medicaid in 1965. Today, one in seven Americans are covered by these programs that are unmatched in the benefit they bring to the American people. It is incumbent upon us to ensure that over the next fifty years Medicare and Medicaid will be sustained, albeit with ongoing changes to meet the needs and challenges brought about by economic conditions, technological innovations and shifts in the health of the American population.. It would be unthinkable to consider anything less.