

"Vouchercare Is Not Medicare"

by Paul Krugman

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What's in a name? A lot, the National Republican Congressional Committee obviously believes. Last week, the committee sent a letter demanding that a TV station stop running an ad declaring that the House Republican budget plan would "end Medicare." This, the letter insisted, was a false claim: the plan would simply install a "new, sustainable version of Medicare."

But Comcast, the station's owner, rejected the demand — and rightly so. For Republicans are indeed seeking to dismantle Medicare as we know it, replacing it with a much worse program.

I'm seeing many attempts to shout down anyone making this obvious point, and not just from Republican politicians. For some reason, many commentators seem to believe that accurately describing what the G.O.P. is actually proposing amounts to demagoguery. But there's nothing demagogic about telling the truth.

Start with the claim that the G.O.P. plan simply reforms Medicare rather than ending it. I'll just quote the blogger Duncan Black, who summarizes this as saying that "when we replace the Marines with a pizza, we'll call the pizza the Marines." The point is that you can name the new program Medicare, but it's an entirely different program — call it Vouchercare — that would offer nothing like the coverage that the elderly now receive. (Republicans get huffy when you call their plan a voucher scheme, but that's exactly what it is.)

Medicare is a government-run insurance system that directly pays health-care providers. Vouchercare would cut checks to insurance companies instead. Specifically, the program would pay a fixed amount toward private health insurance — higher for the poor, lower for the rich, but not varying at all with the actual level of premiums. If you couldn't afford a policy adequate for your needs, even with the voucher, that would be your problem.

And most seniors wouldn't be able to afford adequate coverage. A Congressional Budget Office analysis found that to get coverage equivalent to what they have now, older Americans would have to pay vastly more out of pocket under the Paul Ryan plan than they would if Medicare as we know it was preserved. Based on the budget office estimates, the typical senior would end up paying around \$6,000 more out of pocket in the plan's first year of operation.

By the way, defenders of the G.O.P. plan often assert that it resembles other, less unpopular programs. For a while they claimed, falsely, that Vouchercare would be just like the coverage federal employees get. More recently, I've been seeing claims that Vouchercare would be just

like the system created for Americans under 65 by last year's health care reform — a fairly remarkable defense from a party that has denounced that reform as evil incarnate.

So let me make two points. First, Obamacare was very much a second-best plan, conditioned by perceived political realities. Most of the health reformers I know would have greatly preferred simply expanding Medicare to cover all Americans. Second, the Affordable Care Act is all about making health care, well, affordable, offering subsidies whose size is determined by the need to limit the share of their income that families spend on medical costs. Vouchercare, by contrast, would simply hand out vouchers of a fixed size, regardless of the actual cost of insurance. And these vouchers would be grossly inadequate.

But what about the claim that none of this matters, because Medicare as we know it is unsustainable? Nonsense.

Yes, Medicare has to get serious about cost control; it has to start saying no to expensive procedures with little or no medical benefits, it has to change the way it pays doctors and hospitals, and so on. And a number of reforms of that kind are, in fact, included in the Affordable Care Act. But with these changes it should be entirely possible to maintain a system that provides all older Americans with guaranteed essential health care.

Consider Canada, which has a national health insurance program, actually called Medicare, that is similar to the program we have for the elderly, but less open-ended and more cost-conscious. In 1970, Canada and the United States both spent about 7 percent of their G.D.P. on health care. Since then, as United States health spending has soared to 16 percent of G.D.P., Canadian spending has risen much more modestly, to only 10.5 percent of G.D.P. And while Canadian health care isn't perfect, it's not bad.

Canadian Medicare, then, looks sustainable; why can't we do the same thing here? Well, you know the answer in the case of the Republicans: They don't want to make Medicare sustainable, they want to destroy it under the guise of saving it. So in voting for the House budget plan, Republicans voted to end Medicare. Saying that isn't demagoguery, it's just pointing out the truth.