

## American Contract beginning to fray

By Jim Nowlan

I'm sitting in a meeting of the Illinois Governor's Taxpayer Action Board, created to find savings in the state budget to help fill an \$11 billion hole—without reducing the level of services provided.

At the moment, we are stuck on Medicaid, the huge federal-state government program of health care for the low-income as well as for the middle-income in nursing homes. Costs in the program have been increasing about 7 percent a year, for years, far out-stripping inflation.

“These costs are unsustainable,” one of my fellow panel members says, in exasperation. This same week, tax protesters across the country are holding “tea parties” to rally opposition to any tax hikes.

The American Contract is beginning to fray.

Abraham Lincoln declared that government should do only that which the people cannot do so well for themselves—defense, highways, public safety, education. And government has done a good job of fulfilling this contract with the public. In recent decades, we have been adding health care to the contract, in increments: first, the elderly, with Medicare; then the poor, and more recently, children, both through Medicaid.

If you're not in one of these covered categories, you scramble for health care. Everyone in my rural area hustles to find the shelter of health care coverage. Farmers' wives take jobs at the school in town—for health coverage for the family. Whenever a job change is contemplated, the biggest question is: Will there be “benefits” (health coverage)?

Overall health care costs as a percentage of gross domestic product (GDP) stood at 5 percent in 1965 versus 15 percent today, headed to 33 percent by 2037, according to the Congressional Budget Office.

Unsustainable.

Total government expenditures as a percent of GDP have risen from 27 percent in 1965 to 37 percent last year, mostly attributable to health care. That's why there are tea parties. Tax protesters do not want the U.S. to turn into a European welfare state, where a huge chunk of income flows to government rather than to the individual.

Yet, according to a Gallup survey, about two-thirds of Americans “think it is the responsibility of the federal government to make sure all Americans have health care coverage.”

We are inching our way to federal universal health coverage of Americans. Two-thirds of all health care costs are already paid for by American governments, primarily through Medicare and Medicaid.

Until recently, many states were expanding the Medicaid eligibility of children and their parents. In California, however, cuts are being contemplated in their Medicaid program, in the face of huge state budget deficits. Other states continue to fund their Medicaid programs but often at the expense of higher education and other programs, which are all squeezed by the relentless annual increases in health care costs.

Americans are spoiled. We all feel entitled to the most, latest and best health care the fastest it can be delivered. But this cannot be done for everyone, for long.

Controlling costs are the by-words for our dilemma. Managed care for everyone would reduce costs some, but at the expense of some patient choice. Providing incentives for healthy living could improve well-being and cut costs some, but at the expense of lifestyle choices.

All such savings will, however, be swallowed up and then some by advances in new high-cost pharmaceuticals and new technologies that create bionic people.

Universal coverage for all appears to be a goal of the Obama Administration. This noble goal, depending upon how implemented, could shift the cost burden from some groups, like business, to the government. But it won't save any money.

We have not even begun to talk about the real cost savers, such as limiting therapies in the later years of patients, when costs are multiples of those for other adults, or about two tiers of health care, one lower tier for the poor and a higher level for the rich.

Health care is breaking the bank. At some point in the future, we will begin a serious public conversation about less care, rather than more, further fraying the American Contract. Otherwise, health care, like PacMan, will gobble up everything else.