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EDITORIAL

Medicare looms larger than Social Security

AMERICAN-STATESMAN STAFF

If you think Social Security funding is a problem, wait until national attention focuses on the Medicare program. Actually, better not wait -- the financial problem facing Medicare is much bigger and much riper than that of Social Security.

In issuing their annual report this week on the state of the Social Security and Medicare trust funds, the six trustees, including four who are members of President Bush's administration, warned that "Medicare's financial difficulties come sooner -- and are much more severe -- than those confronting Social Security."

The trustees said the Social Security system will run out of enough money from taxes and assets to pay all benefits owed each year starting in 2041. But Medicare runs out in 2020 -- just 15 years from now.

Unlike Social Security, the financial pressure on Medicare already is being felt by the 42 million people who rely on it. The trustees estimated that the basic Medicare premium paid by retirees out of their Social Security checks, which have risen 33 percent the past two years to \$78.20 a month, will jump again in 2006, to \$87.70. That does not include the new \$35 or so month charge for the new Medicare drug benefit, approved last year by Congress and Bush, which deepened Medicare's financial woes.

The Medicare cost increases point to the larger problem of rising health care costs felt in other government programs, such as Medicaid and children's health insurance, as well as by private employers. For this year alone, for example, General Motors Corp. has forecast a \$1 billion increase in its employee health care costs, which were \$4.6 billion last year. No employer can sustain that kind of increase year after year, and GM said this week that it will seek to shift some of the health care cost burden to its employees.

Public and private retirement programs that provide health care benefits also feel the pressure building. The state Legislature this year is trying to come up with \$233 million to cover higher health insurance costs for its Teachers Retirement System -- and might need to ladle up \$1.5 billion more in 2007.

Social Security indeed has a problem, but arguing over it and the president's proposal for private accounts has masked the even more painful day when the United States must confront hard questions about just how much medical care we can afford and how to pay for it.