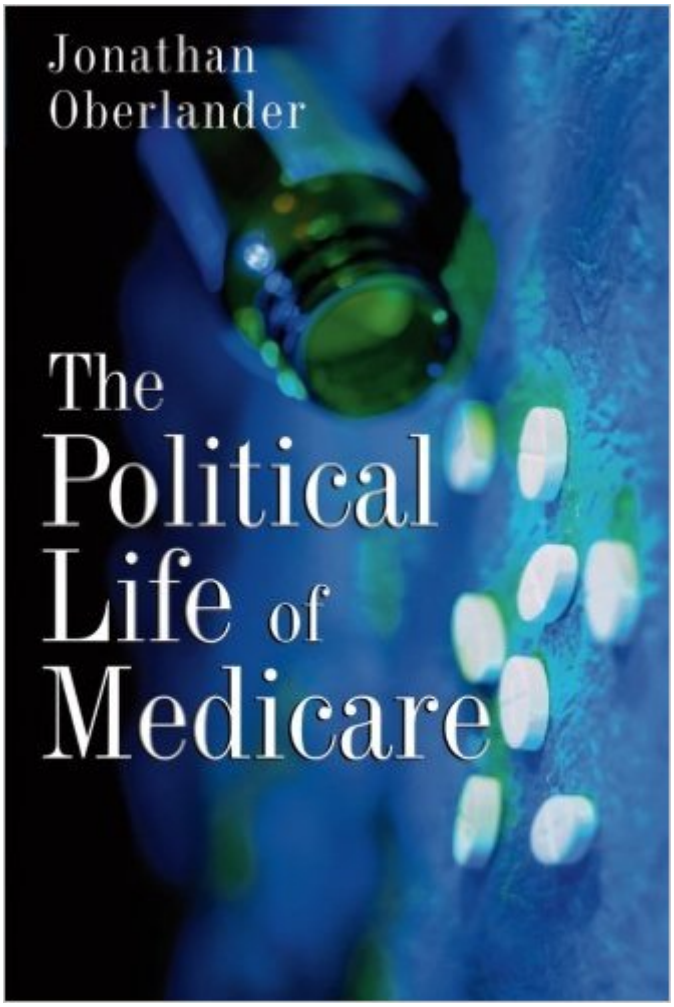
The Political Life Of Medicare (American Politics And Political Economy)



Synopsis

In recent years, bitter partisan disputes have erupted over Medicare reform. Democrats and Republicans have fiercely contested issues such as prescription drug coverage and how to finance Medicare to absorb the baby boomers. As Jonathan Oberlander demonstrates in The Political Life of Medicare, these developments herald the reopening of a historic debate over Medicare's fundamental purpose and structure. Revealing how Medicare politics and policies have developed since Medicare's enactment in 1965 and what the program's future holds, Oberlander's timely and accessible analysis will interest anyone concerned with American politics and public policy, health care politics, aging, and the welfare state.

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Customer Reviews

Usually, I cannot get through books on the social sciences. They are too long for me, and their repetitive, unfocused writing style makes it hard to me to see how the author is structuring his or her arguments. This book, assigned by my political science professor as the best book on Medicare, is a welcome counterexample to that generalization. Jonathan Oberlander covers the political history of Medicare with clarity, gusto, and (most importantly for me) concision. The body of the text takes a mere 196 pages. The book is extensively annotated with 48 pages of notes. It is printed on good paper, has an attractive cover, and is well proofread and typeset.The bulk of the book covers the history of Medicare from its inception in 1965 to the present. Oberlander's thesis throughout the

book is that, after much political debate prior to its enactment, Medicare was ruled by a bipartisan legislative consensus from 1965-1995 which subsequently unraveled in Gingrich's Republican Congress. He analyzes the consensus by breaking it into three aspects - benefits, financing, and regulation - and showing how each aspect involved large changes in the program with little controversy over this thirty-year period. (Oberlander tends to dissect ideas into lists like this at every scale, so much of the book reads like a huge outline. While those accustomed to more fluid prose may find this style pedantic, it leaves no doubt as to how Oberlander's analysis is structured and contributes greatly to the book's clarity in my opinion.) After the three chapters on benefits, financing, and regulation, Oberlander has a short but terrific chapter debunking the application of various monolithic political theories to Medicare. He argues that American national government, contrary to prevailing scholarly thought, is capable of great independence from external forces in its creation of policy. While Oberlander warns that "this chapter is intended for political scientists," its extraordinary logical clarity made it easy to follow, even for a chemist like me.Unfortunately, the book gets more uneven in the last chapter, which covers the politics of Medicare since 1995. This 40-page chapter sapped enough of my motivation that it took me two months to finish. Oberlander's didactic analysis verges on murky and disorganized in places, and his liberal political outlook, which merely peppers his excellent writing with a bit of personal color in the first four chapters, starts to get distracting. He repeats the notion that "1995 changed everything about Medicare" so many times that I began to wonder whether he believes his own thesis. It was a disappointing end to an otherwise fine book.But overall, it's impressive how well Oberlander brings a potentially dull subject to life. For anyone interested in Medicare (or American politics in general), this book is worth reading.

Jonathan Oberlander's book is a great introduction to the practical politics of Medicare, and to the basic functioning of the program. I knew very little going in about Medicare, and felt obliged to learn: Medicare-for-all is held up as the goal toward which all health-insurance plans should converge, so it seems that I should understand what Medicare-for-just-the-elderly entails.Medicare part A -- which reimburses hospitals -- is funded out of a dedicated tax amounting to 1.45% from employers and the same fraction from employees, whereas part B -- which reimburses doctors -- comes out of general revenues. Part A, therefore, can go bankrupt, whereas part B cannot. Part B is like the Department of Defense; no one ever talks about the DoD running out of money. In a sense, then, Medicare and Social Security are victims of their own fiscal responsibility. They cannot exceed their budgets.The politics of Medicare are intimately tied up with this method of funding. Medicare has moved from

crisis to crisis over the 40+ years of its existence, each crisis being precipitated by fiscal or demographic changes. People age, the young have fewer kids, recessions cut into tax revenues, etc. The debate over Medicare has always been crisis-driven, and always will be so long as it's funded out of a fixed fraction of payrolls.This method of funding, and this series of crises, have also influenced the set of procedures that Medicare covers. There's always a tradeoff between expanding coverage and keeping the public fisc in check; that tradeoff is the fundamental tension at the heart of Medicare. Congress has consistently chosen to limit benefits rather than to expand Medicare's budget (and therefore increase the payroll tax).Consequently, private supplemental insurance -- "Medigap" -- has moved in to cover what Medicare does not. "As Medicare benefits failed to expand," reports Jonathan Oberlander, "the proportion of the aged carrying supplemental insurance increased. In 1967, 46% of elderly Medicare beneficiaries had private supplemental insurance; by 1984 that figure had risen to 72%."Yet as I've mentioned on here before, Medigap is parasitic on Medicare. As Oberlander notes, "there was significantly less private insurance available for services not covered by Medicare. Over 25 years after Medicare's enactment, fewer than one-half of such policies covered prescription drugs or any physician bills in excess of what Medicare paid as `reasonable charges.'" Medigap typically covers expenses up to the Medicare deductible, but it will not go beyond Medicare.All of this, of course, illuminates sizable chunks of the present "debate" over universal health care. Medicare is not the ne plus ultra of universal health care. It's certainly a good start in many ways. But coverage for the elderly needs to expand, just as Medicare needs to expand to cover the non-elderly.Actually, slight correction: Medicare already does cover two groups of people apart from the elderly. I have always seen a little phrase tucked into discussions of Medicare after "the elderly," namely "...and those with end-stage renal disease [ESRD]." This has always seemed a strange bit of coverage to add. It was added in 1972, along with some amendments that provided Medicare coverage for the disabled. "By 1987," Oberlander informs us, "there were three million nonelderly disabled Americans under Medicare (including over one hundred thousand dialysis patients), constituting 10% of all program enrollees."At least until the '70s, it seems, many Congressmen hoped that Medicare would be a Trojan horse for universal health care. As one Congressional staffperson quoted in Oberlander puts it, "Rather than serving as a demonstration or pilot, the ESRD legislation proved to be the last train out of the station for national health insurance." The disabled became eligible for Medicare in the early '70s; no one else has done so since.Oberlander insists throughout The Political Life of Medicare that the public supports expansion of Medicare more than does Congress; fiscal prudence, then, is an elite posture at odds with the people the elites supposedly serve. Oberlander has limited evidence for this

contention. That evidence is almost entirely from polls: as of 1992, for instance, 67.6% of Americans supported increasing the budget for Medicare, whereas only 32.4% of Congressfolks did. One can think of lots of good reasons why this would be so, apart from Congress misrepresenting its constituents. For instance, Congress has to think of a global budget, whereas the public does not; Congress is more aware of the growth of health-care costs than the public is; the public misunderstands how much money government spends on its various programs (including the famous misunderstanding of how much we spend on foreign aid); etc. More to the point here: "Would you be willing to increase funding for Medicare?" is an entirely different question from "would you be willing to pay x% more of your income annually?" which is likely to elicit even a different response than "Would you be willing to pay $30 more with every paycheck to ensure that the elderly get the coverage they need?" which is, finally, different from how the public would respond to actually losing $30 from each paycheck.I'm not asserting that each additional step toward realism necessarily reduces a Congressman's vote tally. Helping out the aged might actually help Congressmen. I'm merely noting my increasing skepticism over time toward the value of polls. We've seen this recently: polls show that Americans support health-insurance reform in the abstract, generally like the actual health insurance that they carry, and come to oppose reform the closer it gets to their actual wallets. To the extent that his evidence is based on polls, Oberlander hasn't convinced me that the public really supports Medicare expansion. I would be more convinced if he could show, via something like an event study, that Congressmen won elections more when they expanded Medicare than when they tightened its belt.Public perceptions toward Medicare shifted in the '80s; it became a victim of its own success. The picture of a typical elderly person was now less often one's own helpless grandmother, and more often a wealthy person on a golf course. Of course, this change happened in no small part because Medicare itself had made the elderly less helpless.The Republicans took over Congress in 1994, not least because President Clinton's health-reform bill had died an agonizing death. By 1995, Republicans had begun questioning Medicare's very right to exist. Three decades of consensus on Medicare died. Rather than merely arguing over rates of growth and means of administration, as they had since LBJ signed the Medicare bill in 1965, Medicare was now in a fight for its life.14 years later, the politics of Medicare are still uneasy. President Bush failed to privatize Social Security during his second term; Republicans may have put down their weapons for the moment. They continue to insist on their love for Medicare, even as they inveigh against "socialized medicine." Medicare Part D, providing a prescription drug benefit, passed in 2003, is funded out of general revenues, so it's not subject to the same cycle of crises that hospitalization insurance is.Oberlander's book is immensely valuable,

if only because it explains this history in a copiously footnoted, highly readable account. It's one of the few books that I've bothered to buy this year; I know that I'm going to chase down references from the bibliography. (William Glaser's Health Insurance in Practice, cited glowingly either in Oberlander or in Competing Solutions, is somewhere near the top of the queue.) I find it less convincing, as I've mentioned, on the evidence for public support of Medicare. A section toward the end, claiming to refute various political-science hypotheses, is weak, and I prefer to pass over it in silence.If you're interested in the health-care debate, you owe it to yourself to learn about Medicare. The more I read, the more I find that the current debate is tackling questions that we've long since answered. Jonathan Oberlander's book is an excellent place to start.

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