

Op-Ed Columnist

Medicaid on the Ballot

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There's a lot we don't know about what Mitt Romney would do if he won. He refuses to say which tax loopholes he would close to make up for \$5 trillion in tax cuts; his economic "plan" is an empty shell.

But one thing is clear: If he wins, Medicaid — which now covers more than 50 million Americans, and which President Obama would expand further as part of his health reform — will face savage cuts. Estimates suggest that a Romney victory would deny health insurance to about 45 million people who would have coverage if he lost, with two-thirds of that difference due to the assault on Medicaid.

So this election is, to an important degree, really about Medicaid. And this, in turn, means that you need to know something more about the program.

For while Medicaid is generally viewed as health care for the nonelderly poor, that's only part of the story. And focusing solely on who Medicaid covers can obscure an equally important fact: Medicaid has been more successful at controlling costs than any other major part of the nation's health care system.

So, about coverage: most Medicaid beneficiaries are indeed relatively young (because older people are covered by Medicare) and relatively poor (because eligibility for Medicaid, unlike Medicare, is determined by need). But more than nine million Americans benefit from both Medicare and Medicaid, and elderly or disabled beneficiaries account for the majority of Medicaid's costs. And contrary to what you may have heard, the great majority of Medicaid beneficiaries are in working families.

For those who get coverage through the program, Medicaid is a much-needed form of financial aid. It is also, quite literally, a lifesaver. Mr. Romney has said that a lack of health insurance doesn't kill people in America; oh yes, it does, and states that expand Medicaid coverage show striking drops in mortality.

So Medicaid does a vast amount of good. But at what cost? There's a widespread perception, gleefully fed by right-wing politicians and propagandists, that Medicaid has "runaway" costs. But the truth is just the opposite. While costs grew rapidly in 2009-10, as a depressed economy made more Americans eligible for the program, the longer-term reality is that Medicaid is significantly better at controlling costs than the rest of our health care system.

How much better? According to the best available estimates, the average cost of health care for adult Medicaid recipients is about 20 percent less than it would be if they had private insurance. The gap for children is even larger.

And the gap has been widening over time: Medicaid costs have consistently risen a bit less rapidly than Medicare costs, and much less rapidly than premiums on private insurance.

How does Medicaid achieve these lower costs? Partly by having much lower administrative costs than private insurers. It's always worth remembering that when it comes to health care, it's the private sector, not government programs, that suffers from stifling, costly bureaucracy.

Also, Medicaid is much more effective at bargaining with the medical-industrial complex.

Consider, for example, drug prices. Last year a government study compared the prices that Medicaid paid for brand-name drugs with those paid by Medicare Part D — also a government program, but one run through private insurance companies, and explicitly forbidden from using its power in the market to bargain for lower prices. The conclusion: Medicaid pays almost a third less on average. That's a lot of money.

Is Medicaid perfect? Of course not. Most notably, the hard bargain it drives with health providers means that quite a few doctors are reluctant to see Medicaid patients. Yet given the problems facing American health care — sharply rising costs and declining private-sector coverage — Medicaid has to be regarded as a highly successful program. It provides good if not great coverage to tens of millions of people who would otherwise be left out in the cold, and as I said, it does much right to keep costs down.

By any reasonable standard, this is a program that should be expanded, not slashed — and a major expansion of Medicaid is part of the Affordable Care Act.

Why, then, are Republicans so determined to do the reverse, and kill this success story? You know the answers. Partly it's their general hostility to anything that helps the 47 percent — those Americans whom they consider moochers who need to be taught self-reliance. Partly it's the fact that Medicaid's success is a reproach to their antigovernment ideology.

The question — and it's a question the American people will answer very soon — is whether they'll get to indulge these prejudices at the expense of tens of millions of their fellow citizens.

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