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HEADLINE: High Cost of Health Care a Crisis For Future Generations, Experts Said

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BODY:

Slowing the rise of health care costs is the first step toward reining in entitlements, experts said this week at a conference on the economic burdens facing future taxpayers.

In the first panel of a two-day conference hosted by the Concord Coalition and Youth Entitlements Summit, experts from three Washington think tanks said Monday that young voters should focus more on curbing spending for health care, including Medicare and Medicaid, than on the recession or Social Security.

"Talk of an entitlements crisis is bogus," said Henry Aaron, a senior fellow at the liberal-leaning Brookings Institution. "We have a health care financing crisis, pure and not so simple."

The conference, now in its second year and funded by the Peter G. Peterson Foundation, featured on Monday panel discussions on the economic recession and the impact of health overhaul legislation, and workshops on Tuesday on mobilizing young people and planning grassroots campaigns.

Recent reports have said Medicare and Medicaid could run out of money by 2017, and Social Security will begin paying out more than it receives from payroll taxes by 2016. The burden of paying for these programs will fall to today's youth if the government doesn't cut costs, panelists said. (See related story, CQ HealthBeat, May 12, 2009).

"Inaction will lead to our certain demise," said moderator Kouri C. Marshall, executive director of the Youth Entitlements Summit. "That's why our generation is here today."

In the opening panel focused on the recession, Joseph Minarek, research director at Committee for Economic Development, said rapidly growing health care costs are the nation's most immediate problem.

Minarek said health care spending is growing much faster than the rest of the economy -- currently about 18 percent of Gross Domestic Product, the White House has said health care spending could account for 28 percent by 2030 -- so reducing spending and improving efficiency should be a priority. (See related story, CQ HealthBeat, June 2, 2009).

"Health care costs are much more important than Social Security," Minarek said. "We need to reform our entire health care system."

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President Obama on Saturday announced a plan to cut about \$313 billion in Medicare and Medicaid payments over 10 years. The savings would be used to help fund a system overhaul. (See related story, CQ HealthBeat, June 14, 2009).

Minarek said health care spending will decrease slowly if overhaul legislation is successful, so the federal government will likely need to raise income taxes for some citizens to fund its programs.

Panelists also said health care changes are more viable politically than cutting or overhauling Social Security.

"It wouldn't go anywhere," said opening speaker and House Budget Committee Chairman John M. Spratt Jr., D-S.C. "Even moderate changes are difficult to sell to the public."

But Jagadeesh Gokhale, senior fellow at the libertarian Cato Institute, said a Social Security overhaul eventually will be necessary to keep spending from growing out of control. He said the burden of expensive entitlement programs and the growing national deficit will fall to today's young people.

Aaron and Minarek said they support a Clinton-era proposal to establish personal savings accounts separate from Social Security and encourage investment with government matching funds.

Source: **CQ HealthBeat**

Same-day coverage of the people and events shaping health care policy from Washington.

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