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Distribute Medicare's Budget in Cash So Recipients Can Choose Care

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Medicare is growing unsustainably. It is devouring an ever-larger share of Americans' paychecks, and piling more and more debt on our children and grandchildren. At the same time, researchers find Medicare is a major contributor to uncoordinated care, medical errors and other problems.

How can Congress make health care better, more affordable, and more secure for Medicare enrollees and everyone else? Instead of mismanaging a \$600 billion health-insurance scheme for 60 million elderly and disabled Americans, or giving seniors vouchers to choose from among different versions of a government-designed health plan, Congress should simply distribute Medicare's budget to enrollees as cash. Just like Social Security.

Turning Medicare into a cash-transfer program would eliminate nearly every Medicare rule put in place by special interests to preserve their outdated business models and stifle innovation. It would spark an innovation revolution in health insurance and health care delivery.

Enrollees could select health plans that meet their needs, instead of the needs of politicians and lobbyists. They could choose innovative plans that provide the coordinated care, information technologies, effectiveness research and safer medicine Medicare has promised but failed to deliver.

Enrollees would avoid wasteful medical care because they would get to keep the savings. Sixty million newly cost-conscious consumers would put so much downward pressure on prices, health care for seniors and everyone else would become more affordable. Congress could finally curb Medicare spending, and do it without hysterics about government rationing and "death panels."

Medicare enrollees would have nothing to fear from insurers charging actuarially fair premiums, because the size of their check would depend on their health status and income, so lower-income and sicker enrollees would get bigger "Medicare checks" than healthy and wealthy enrollees. The fact that research suggests one third of Medicare spending does nothing to make enrollees happier or healthier means Medicare's \$600 billion budget includes a huge buffer that will protect enrollees from both faulty risk-adjustment and their own mistakes.

House Speaker Paul Ryan and President-elect Donald J. Trump's choice for health and human services secretary, Rep. Tom Price of Georgia have proposed a "premium support" model that would give enrollees a voucher they could use to choose from different versions of a government-designed health plan. Premium support would be a step in the right direction. But it would not drive down health care prices the way a cash-transfer program can, and the improvements it offers would come too late for most seniors.

Congress should not voucher-ize Medicare. It should Social Securitize Medicare.

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