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Don't buy the buy-in: Why Medicare coverage for 50 and over will only make things worse

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Compared to the incredibly expensive Medicare-for-All plans Democrats are pushing, the Medicare Buy-In (MB-I) proposal recently filed by Sen. Debbie Stabenow (D-Mich.) probably seems fiscally responsible. The bill would allow people between the ages of 50 and 65 to purchase Medicare plans with help from the same tax credits and cost-sharing subsidies that are available on the ObamaCare exchanges. How could anyone object to giving middle-aged people the option of buying the same coverage for medical needs that senior citizens receive?

Easily. Medicare has enormous problems, none of which the buy-in proposal will fix. The best bet is that the buy-in option will replicate these problems and make several of them worse.

Start with fraud, waste, and abuse. One-third of the dollars Medicare doles out are stolen, spent on treatments that are unnecessary or ineffective, or otherwise poured down the drain. Given Medicare's current size ($706 billion in 2017), we are wasting about $212 billion a year. MB-I won't protect federal funds any better than Medicare currently does, so if the bill becomes law that number will increase substantially.

Now consider how MB-I will be paid for. As everyone knows, Medicare is grossly under-funded. At current benefit levels, the program will need trillions of dollars more than Medicare taxes are expected to raise. MB-I's proponents contend that the program will pay for itself out of premiums collected from new enrollees. Don't believe that for a second.

In traditional Medicare, a typical one-earner couple can expect to receive benefits worth $427,000 after paying in only $70,000. In Medicare Parts B and D, beneficiaries pay only about 25 percent of the average cost of the goods and services they receive. If MB-I ever rolls out, its sponsors will face heavy pressure to charge too little, partly because they will want to ensure that millions of middle-aged Americans sign up and partly because doling out goodies (and saddling future generations with the bill) is what Congress does.

These artificially low premiums will also devastate private insurers. Private carriers have to charge premiums that reflect enrollees' risks because they cannot use tax dollars to make up the money they would lose by setting premiums too low. Consequently, unless we also subsidize the

cost of private insurance, middle-aged subscribers will migrate to MB-I – dramatically increasing the total cost of the program. If the premiums are low enough, employers will dump middle-aged workers into MB-I too – further destabilizing the coverage market.

MB-I will also affect the benefits that Medicare provides. Congress is already strongly inclined to make Medicare ever more lavish because the senior vote is so important. MB-I would add millions to the Medicare rolls, making the pressure to expand benefits that much worse. Hospitals, doctors and drug companies would find it advantageous to ramp up their political influence campaigns too, because billions of new dollars targeted at the health care sector would be under the federal government's control. If you think corporate money exerts too much influence in politics now, wait until MB-I comes along.

Consider an example of what waits ahead. Until now, Medicare has not covered drugs like Viagra and Cialis for men or Vagifem for women, on the ground that declining sexual activity is a natural part of aging. But if millions of younger men and women are added to the program's rolls, the case for covering these drugs will be much stronger. And once the drugs are made available to younger beneficiaries, older victims will cry "age discrimination" and demand coverage for them too. Given the spinelessness they've shown in the past, it's a safe bet that Medicare's administrators will immediately capitulate.

Finally, any expansion of Medicare, including MB-I, will make the health care spending crisis worse. The spending crisis started when Medicare and Medicaid came online in the mid-1960s and it's been with us ever since. There are many reasons for this. A major one is that the Medicare program's primary mission is to spend money, which it does like a well-oiled machine. No one associated with the program—neither beneficiaries, providers, administrators, nor members of Congress—has any interest in restricting the dollar flow. To the contrary, because tax-payers foot the bills, everyone wants Medicare to spend more.

By comparison to Medicare-for-All, MB-I is the lesser evil. But it is better to leave bad enough alone than to make things worse by expanding the government's control over health care spending.

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