

DO I REALLY DESERVE EVEN MORE OF YOUR MONEY?

The Centers for Medicare & Medicaid Services (CMS) have once again expanded the services provided under Medicare. New coverage of ultrasound monitoring of cardiac output today, new treatments for congestive heart failure yesterday, and, undoubtedly, some new cancer treatment tomorrow.

As a baby boomer nearing Medicare eligibility, I'm hoping to benefit from some of these many new treatments promising a longer life and a healthier old age. New technology might even help reduce Medicare costs, though past history argues against that rosy result for most improvements. Getting more usually means paying more.

Who will pay for my additional benefits? Current law suggests *you*—at least, if you are in your prime working years. I'll pay a premium in retirement that covers perhaps one-eighth of the insurance value of my Medicare and potential Medicaid long-term care benefits. Benefits now are so extensive, especially relative to past Medicare taxes, that most of us baby boomers are already scheduled to reap huge transfers from you who are younger. A typical couple retiring in 2020, for instance, will have paid about \$100,000 in lifetime Medicare taxes (much less if we don't credit them with interest on their past contributions). For that price, this couple is scheduled to receive about \$500,000 in lifetime Medicare benefits over and above the premiums it additionally pays in retirement.

Is there a better business plan? You bet. A basic principle of governing is that we should pay for what we get, unless a case can be made for government to interfere and require others to pay. But by what rationale should you be paying ever more for me? If it's some notion of transferring from the haves to the have-nots, including the poor or those who can't work, you should know that, like most of my generation, I'm not poor and am quite capable of work. True, many capable and relatively young retirees look poorer because they stop working—as you would if you stopped working—but, even then, the poverty rate of retirees today is well below that of children.

The lure of new benefits as an incentive to stop working aside, the case for you providing my generation increasingly more benefits over time certainly isn't progressive government—that is, unless "progressive" just means bigger. Indeed, promising to pay me so many additional benefits every year now pushes government to scrimp on education, after-school activities, and a whole host of other needs for groups of people, including children who truly are needy.

The driving force here is not some rational democratic budget procedure for determining which of society's needs are most pressing and whether government remedies are appropriate. Instead, medical benefits now compound automatically and so quickly that they force other programs to compete for leftovers that shrink as those benefits grow.

It's not that government-run health insurance should avoid financing health care improvements. But why should you keep footing the bill by default when I'm the one who's enjoying the longer and better life? And why should my needs for an ever larger share of your money trump society's many other needs?

I can help pay for what I reap by giving up some early retirement and health benefits to pay for added benefits later, perhaps by working longer and, thereby, paying more taxes. Look at the private model. If I want my 401(k) account to pay out an annual benefit that grows by 6 percent a year until I die, as opposed to a level benefit, my mutual fund or bank or insurance company simply reduces my up-front benefits to pay for that annual boost.

Medicare is more complicated, but the analogy is still apt. If I have to pay for some of the built-in growth but think that the cost is too high, I'll have more reason to demand that government better control costs. But as long as I can simply shove the costs to you, the incentive is to take all I can get—that is, if I don't care how little government provides for the needs of my children, my grandchildren, and their world.

***The Government We Deserve* is a periodic column on public policy by [Eugene Steuerle](#), a senior fellow at the nonpartisan [Urban Institute](#) and a former deputy assistant secretary of the Treasury. To subscribe or unsubscribe to *The Government We Deserve*, click [here](#), or simply reply to this e-mail with a request to be removed.**

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