Editor's Note

# Medicare: Intentions, Effects, and Politics

To rephrase a lyric by the Grateful Dead, what a *short*, strange trip it's been. Just six years ago the combination of the apparent immediate fiscal crisis in the trust fund for Part A of Medicare, anticipation of the Baby Boom's approaching retirement, and the largely unexpected arrival of active, conservative Republican majorities in Congress shot fundamental restructuring of Medicare to the top of the nation's political and legislative agendas. That theme carried through the often contentious work of the National Bipartisan Commission on the Future of Medicare, which in 1999 fell just one vote short of the supermajority required to recommend formally shifting from providing a package of defined benefits to giving checks to beneficiaries ("premium support") toward purchase of their choice of a qualified private health insurance plan in competition with "traditional Medicare." Many pages of this journal and others, as well as various special edited books, were devoted to assessments of the relative merits of different market-based models for Medicare.

However, thanks to a continuing robust economy, the resulting welcome surge in revenues, and the surprisingly effective financial restraints imposed on Medicare provider payments by the bipartisan Balanced Budget Act of 1997, what looked like looming deficits for the health insurance trust fund starting as soon as next year has been pushed back more than two decades, according to the most recent report of the Medicare trustees (Board of Trustees 2000). Indeed, in their battle for the presidency last year, Vice President Albert Gore and Texas governor

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George W. Bush debated their respective plans for providing prescription drug coverage to Medicare recipients—a large-scale program expansion—far more than their respective initiatives for maintaining the solvency of Medicare overall.

Although it is hard to deny that perceived crisis can on occasion focus the mind, we should revel in the reprieve that our favorable economic circumstances and the 1997 legislation have granted us. Haste mixed with ideology is not the best formula for crafting intelligent, effective, and appropriate policy. New Zealand tried that approach to ill effect (Gauld 2000). Medicare faces serious challenges in the future, to be sure, no matter how long the current economic expansion continues. Stated more accurately, as our population ages and medicine evolves, almost always more expensively, our society (as is the case with all mature industrial nations) will have to grapple with how best to furnish and afford health care services for the elderly—not to mention the rest of the population. However Medicare is organized and financed, the growing numbers of seniors will need medical care, and each new generation of treatments is likely to be more costly than the one that came before. There is no way that we can responsibly avoid coming to grips with the exigency of this social change. Nor can it be avoided by simply trying to push it outside the domain of Medicare's obligations.

The current pause, though, affords us an opportunity to think more carefully before we leap in any one direction, whether that is preserving the core features of the status quo, retooling Medicare as a single but "accountable health plan" in current business parlance, or pursuing more market-oriented avenues for ensuring medical care access for our eldest citizens. That is our purpose here. Rather than delving once again into the minutiae of various reform schemes, this issue of the *Journal of Health Politics, Policy and Law* is devoted to the larger, more far-ranging issues associated with the essential character of the program, its multifaceted roles beyond merely providing insurance to select groups of the population, and the appropriate way to frame the emerging pressures on the program.

A good way to begin a cautious appraisal of Medicare's prospects and alternative approaches to its future development is to examine far more deeply than is the norm the existing foundations of the program. Quirks such as the seemingly odd separation between Part A for hospital services and Part B for physician care, each with entirely different financing mechanisms, become far more understandable when the pathways to their introduction are revisited. The potential utility of this separation in

engineering fiscal discipline in so encompassing a program also is revealed. These themes animate the first article in this special issue, Eric Patashnik and Julian Zelizer's essay, "Paying for Medicare: Benefits, Budgets, and Wilbur Mills's Policy Legacy." One need only recall that these core features of Medicare were slyly fused by Arkansas congressman Wilbur D. Mills, the former math major, fiscal conservative, and tax-policy specialist who chaired, and often dominated, the House Ways and Means Committee. As the liberal landslide unleashed by the 1964 election made it impossible to stem the tide favoring Medicare, Mills pragmatically made sure that some kind of institutional constraints were in place. Insights from Medicare's original architecture ought to inform both what not to change about the program and how, in the contemporary political and health care context, to ensure its continued institutional integrity.

We tend to think of health care insurance as a means of financing the payment of an individual's medical bills. All insurers, however, do more than merely direct money from the premiums paid by enrollees to the providers who perform services. Whether as a necessary means of doing the insurance business or as a creative way of marketing a product, insurers develop information systems, contribute to research, and promote health education. Medicare, though, as a vast public program, has a special role to play. In "The Social Roles of Medicare: Assessing Medicare's Collateral Benefits," Michael Gusmano and Mark Schlesinger evaluate the myriad ways in which the program engages the health care system beyond the insurance motif. They use a framework of societal public goods, localized public goods, and mixed goods for the whole population to examine what collateral or supplemental activities are performed by Medicare, how they are judged by the public and policy-making elites, and what benefits of these sorts the program ought to provide. No reform of Medicare should go forward or invite serious consideration without due attention to how it affects these broader social purposes of the program as currently conceived.

Because of our fragmented health care system, Medicare, as the government's largest and most-integrated involvement with the medical care sector, has become the primary source of information about the behavior and performance of health care providers. Due to Medicare and the Health Care Financing Administration (HCFA), and the data that agency gathers, for example, we have the means of holding hospitals accountable on matters that are of public interest. But as Nancy M. Kane and Stephen A. Magnus argue in "The Medicare Cost Report and the Limits

of Hospital Accountability," Medicare does not go far enough to ensure that the detailed, reliable financial information needed to evaluate hospital performance is acquired. For that purpose, they recommend the development of a federal database based on audited financial statements, which could be housed at HCFA, as the most effective means of gaining leverage over hospital accountability. Although this issue, even more so than Medicare's collateral benefits, may seem somewhat removed from the fundamental concerns of program reformers, any transformations of the program should take this potential function of the program into account.

Numerous political scientists, starting with E. E. Schattschneider, have noted the instrumental effects of how an issue is framed. Indeed, the authors of the *Federalist Papers*, the newspaper columns drafted by James Madison, Alexander Hamilton, and John Jay to promote ratification of the U.S. Constitution, were more than well aware of the political rewards of effectively defining an issue in one's own terms. Much of the current struggle over Medicare is more about rhetorically framing the issues for political impact than following carefully from dispassionate policy analysis. In his report from the field, Theodore R. Marmor, the dean of Medicare scholars, explores four conventional wisdoms that have dominated debate in the 1990s. By reducing these notions from perceived facts to unsupportable myths, Marmor invites entirely new thinking about just how distressed the program really is and what needs to be done to keep it solvent, strong, and effective. His essay should enlighten future debate and expand the range of options available to policy makers as they recraft Medicare for the baby boom.

Thirty years ago Marmor published *The Politics of Medicare*. That book both offered the most effective explanation of Medicare's origins and policy contours and firmly established the field of health politics and policy. It long ago became a classic and is read routinely by scholars and new students in the field. Last year Marmor published the second edition, bringing his perspective to the substantial changes that have occurred in both the politics and policy of Medicare since its early years. We close this special issue of the journal with a symposium on Marmor's book organized by David M. Frankford, book review editor. In that forum, four notable political scientists and I comment on the book's contributions. Jacob S. Hacker and Jonathon Oberlander, both past students of Marmor, assess *The Politics of Medicare* from their perspective as young researchers working on the scholarly development of both the study of health care policy and political science in general. Bruce C.

Vladeck, who has studied Medicare, actually run the program, and served on the Bipartisan Commission for the Future of Medicare, comments on what Marmor's analysis suggests for the future of more expansive health care policy making in the United States. Canadian Carolyn Tuohy takes a comparative approach, finding in Marmor's assessment of Medicare's politics a framework that has utility in a number of contexts well beyond the confines of U.S. Medicare. In my essay, I seek to identify the attributes that have given Marmor's book such endurance. Marmor than responds to these assessments. Although motivated by the second edition of *The Politics of Medicare*, this symposium, I believe, presents one of the best and most timely syntheses of the general challenge of trying to examine the politics of health care policy making through a combination of social science rigor, attention to practical implications, and engagement with nonacademic audiences.

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## References

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