

American Medical Care Is Terminal

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by **Jim Karger**.

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The final nail has been driven into the coffin of America's medical care system (note it's not healthcare because the system has nothing to do with health).

With the Supreme Court decision last week on ObamaCare, the US has taken its failed venture into socialized medicine, i.e., Medicare, and foisted it upon the general public, most of whom really believe they are going to get something for nothing.

It is as if the U.S. government doesn't understand that doubling down on a losing bet doesn't make it a winner. And let's not forget that Medicare, which came to America as part of Lyndon Johnson's "Great Society," has been a tragic, unmitigated failure.

US medical care is the most expensive care in the world. Some say that is because it is the best. Nonsense.

The overall health of the average American is nothing to write home about. The average life expectancy for a person born in the U.S. today is 78.49 – significantly lower than for people born in Monaco, Macau and Japan, for example, which have the three highest life expectancies at 89.7, 84.4 and 83.9 years, respectively.

American medical care is the most expensive because too many Americans are stressed-out, overweight pigs at the trough and the free market is not allowed to act as a not-so-gentle reminder that health is our *individual* responsibility. If insurance companies were allowed to fully underwrite risk on an individual basis, a 300 pound smoker probably couldn't get insurance which might act as an incentive to stop smoking and lose weight.

To add fuel to the fire, Medicare has resulted in an artificial demand for medical services since they appear to be free (or nearly free) for those over 65. Have a hangnail? Go to the doctor. Cold? Go the doctor. Just need someone to talk to? Go to the doctor. Dying and want to squeeze out another month or two of lying in a bed connected to machinery at a cost of a million dollars or more? No worries. Government is going to pay the tab.

In still another affront to the market, Medicare utilizes price-fixing, the same kind of conduct that would result in you or me being imprisoned. The government decides what it will pay and the medical providers have to accept it. The net-net has been to transfer costs from the public sector to the private sector which has increased the cost of private health insurance while disguising the real cost to the taxpayer.

Three health insurance programs—Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP)—together account for 21 percent of the entire US budget (or did in 2011), to the tune of \$769 billion. Nearly two-thirds of this amount, or \$486 billion, went to Medicare. Even using the government’s numbers, it is estimated Medicare will be bankrupt and unable to pay benefits in just eight years, or, if you listen to Medicare’s own actuary, **it will fail 4 years from now, in 2016.**

The socialists don’t care. Their goal remains the same: to squeeze blood out of a turnip and to spend as if there is no tomorrow until there is no tomorrow. They don’t understand because they don’t want to understand.

However, it is not the socialists, but the so-called conservatives, who are the most disingenuous in criticizing American medical care. On the one hand, the neo-cons are up in arms over the Supreme Court’s decision in finding ObamaCare constitutional pursuant to the government’s power to steal (aka “tax”) but are silent when the subject is their own version of ObamaCare, or Medicare. Even the Republican Romney has made it clear that while he will try and repeal ObamaCare (in and of itself an ironic contention considering he invented it), he won’t touch Medicare. And, when he utters that wholly dishonest promise, you can hear a pin drop.

Even more pathetic than the politicians — none of whom have the guts to pronounce Medicare DOA — are those who are sucking the hind tit of socialized medicine today while raising hell over, well, socialized medicine.

How can Americans justify lining up for Medicare while being against ObamaCare? The most common response to this question? “I paid for it. I deserve it.”

The problem with that response? It is wrong. Charles Hugh Smith summarized the numbers as follows:

“Medicare tax is 2.9% of wages, 1.45% each for employer and employee. If the typical worker makes \$30,000 a year for 35 years, then lifetime earnings are about \$1 million. If we take the \$40,000/year average, then that rises to around \$1.4 million in lifetime earnings. The 2.9% Medicare tax thus totals about \$30,000 to \$40,000 in lifetime contributions for the

average worker. The average benefits extracted from the system run from \$393,000 to \$525,000 (due to the benefits extended to non-working spouses, benefits for never-married people may be somewhat lower). Average annual costs per beneficiary run as high as \$18,000, though expenses typically rise significantly in the last year of life. ”

Medicare isn't insurance. It is not something you fund with a willing counterpart taking the risk for a negotiated premium based on individual underwriting. **Medicare is welfare, plain and simple.** It is a government transfer program. Few receiving Medicare today paid enough to justify the government largess they are now receiving (or are hoping to receive).

Medicare is nothing more or less than a contemporary bread line for the sick and is destined to hasten the bankruptcy, and ultimate default by the United States.

ObamaCare isn't different. It is just piling on. While the mechanism may be private insurance, there will be nothing free or free market about it. Government will use its heavy hand to influence, and ultimately decide both premiums and prices. The final tab for the assured deficit will make its way to the taxpayer.

Those who are pounding the drum, denouncing ObamaCare as if it was something new and hideous, are unimpressive. Where have they been the last 47 years? They have been enjoying it, knowing that someone else will ultimately have to pay their tab.

The frequently heard admonition that “we shouldn't be passing this debt to our children,” sounds good, but means nothing. They are more than happy to pass the cost of their freebies to their children and grandchildren while crying crocodile tears and cursing big government.

Which brings me to the end, literally. One reason America is going to fail economically is simple and straightforward: No one is willing to take the pain for the profligate spending. The battle cry may be “Balance the budget!” But listen carefully. After the echo subsides, there is an almost imperceptible, but very real whisper, “. . . just don't take away any of my entitlements.”

The patient has expired.

Regards,

Jim Karger