



**WESTERN
MICHIGAN**
UNIVERSITY

The Journal of Sociology & Social Welfare

Volume 28
Issue 1 *March*

Article 15

March 2001

Review of *Medicare Reform: Issues and Answers*. Andrew J. Rettenmaier and Thomas R. Saving (Eds.). Reviewed by Deborah Schild Wilkinson, University of Michigan.

Deborah Schild Wilkinson
University of Michigan

Follow this and additional works at: <https://scholarworks.wmich.edu/jssw>



Part of the Health Policy Commons, Social Welfare Commons, and the Social Work Commons

Recommended Citation

Wilkinson, Deborah Schild (2001) "Review of *Medicare Reform: Issues and Answers*. Andrew J. Rettenmaier and Thomas R. Saving (Eds.). Reviewed by Deborah Schild Wilkinson, University of Michigan.," *The Journal of Sociology & Social Welfare*: Vol. 28 : Iss. 1 , Article 15.

Available at: <https://scholarworks.wmich.edu/jssw/vol28/iss1/15>

This Book Review is brought to you by the Western Michigan University School of Social Work. For more information, please contact wmu-scholarworks@wmich.edu.



appear to be instances of over-generalization, particularly when discussing 'Native' categories. At times one has the sense that all Native cultural domains become welded together and that true cultural diversity of North American Native cultures gets lost. This may be an inadvertent and unintended result of attempting to explain salient differences between core European and Native worldviews, but one comes away with a less than clear understanding of the considerable cultural and other diversity that exists among the various North American Native tribal and ethnic groups. Along these same lines there would appear to be an oversimplification when comparing other aspects of American Indian and 'Euro-American' approaches or cultural differences such as the discussion of American Indian Vs Traditional AA in Chapter 7.

In sum, there is much material in the book that social workers and others might find informative, albeit with certain caveats. The author's commitment to American Indians and his attempts to understand what he views as the disease of addiction, especially addiction to alcohol, in these peoples are noteworthy. By the same token, one comes away with the sense that there is more than one book here, and that a more narrow focus, with fewer digressions on various topics may have better served the objective of the book. The author is to be commended in his attempt to address this important social issue and have the book serve as a catalyst for critical thinking about the complexity of the issue's many and varied dynamics.

Michael Gorman
San Jose State University

Andrew J. Rettenmaier and Thomas R. Saving (Eds.), *Medicare Reform: Issues and Answers*. Chicago, IL.: University of Chicago Press, 2000. \$25.00 hardcover, \$17.00 papercover.

Medicare reform has been on the national agenda for the last several years as evidenced by the inclusion of the creation of the National Bipartisan Commission on the Future of Medicare as part of the Balanced Budget Act of 1997. The Commission was charged with examining the Medicare program and making

recommendations to strengthen and improve it in time the retirement of the "Baby Boomers." In November 1999, Senate Bill 1895, the Medicare Preservation and Improvement Act was introduced to the Senate by its co-authors, John Breau, Thomas Frist and Robert Kerry. This bill which would create major changes in the benefits and administration of Medicare addresses the major economics issues discussed in *Medicare Reform: Issues and Answers*.

This book is comprised of the presentations of an April 1998 forum sponsored by the Private Enterprise Research Center and the Bush School of Government and Public Service, and held in conjunction with the Department of Economics at Texas A&M University. It is not surprising to find, therefore, that the issues and answers are all focused on the economics of Medicare. For the novice in economics, this is a difficult book to read.

The primary issue identified by participants in this forum is the projected bankruptcy of the Medicare Trust Fund in 2008. The reasons for that impending financial disaster are two: the shift in demographics such that the retired population of the 2020s will be supported by far fewer workers than now, and the incentives of a third party payer, fee for service system for greater utilization of services. A result of the shift of demographics means that in a pay-as-you-go system such as Medicare, the increasing costs of a burgeoning, longer-lived population of retirees must be borne by a younger generation. This intergenerational dependence is viewed as a major inequality that will be met with growing resistance as the tax burdens of youth expand to unbearable size.

This book is apparently organized based on the actual presentations at the forum. The first three present analyses of economic incentives that might be used to reform Medicare and are followed by commentary on those presentations. In the first chapter, Victor Fuchs suggests that there need to be policies to provide incentives to increase savings by workers and to reduce incentives to retirement. In the second chapter, Henry Aaron discusses the effects of expanded choices provided by the changes to Medicare in the Balanced Budget Act of 1997, and concludes that a universal plan of broader benefits would be preferable. Mark Pauly proposes a means tested approach to charges for Medicare services. In her commentary, Marilyn Moon notes that though necessary, economic analysis is not sufficient to provide

all the necessary data to develop a policy to reform Medicare. Specifically, one must also consider issues of intergenerational equity, institutional factors and desires of consumers for certain inefficiencies.

Some of these concerns are discussed in the next section of the book. Frank Sloan and Donald Taylor present their research on how the types of hospital ownership affect the costs of Medicare. David Cutler provided a cost benefit analysis of Medicare and concludes that though Medicare wastes resources it is in total worth its costs. In the next chapter, Jagadeesh Gokhale and Laurence Kotlikoff provide a dense explanation of intergenerational accounting. Though difficult to grasp by the economically ignorant, the authors make their point that the demographic shift spells costly tax burdens in the future. They offer no resolution to the impending disaster, once more providing support for the description of economics as the dismal science.

Kevin Murphy's commentary focuses on the need to ask the right questions of Medicare reform. He notes that Medicare and medical care are not the same thing. He sums the discussions of the previous articles, identifying the problems noted above, that is: excess utilization and intergenerational equity. He suggests that solutions need to focus not on what medical care one should have, but on methods of payment for that care. His approach to social contracts covering the medical costs of retirees is further developed in the final chapter of the book by the editors.

Rettenmaier and Saving offer a detailed proposal for resolving the Medicare crisis. Not surprisingly, their plan uses private insurance plans and relies on competition. They remove the pay-as-you-go system and supplant it with cohort based fixed insurance funds. Their plan attempts to meet the concerns presented throughout the book.

Though the presentation of the issues and answers to Medicare reform are discussed rather thoroughly from the economic viewpoint, this book is limited by that single fact. As Moon so clearly points out, economic analysis is not sufficient for development of public policy. We must think outside of the cash box when we consider Medicare reform. What needs fixing? Should we consider Medicare alone when we consider its reform? Medicare exists because in the United States health insurance and thus

access to care are related to attachment to the workforce. If we were to change that policy, if we were to develop a universal system of access to care, we could resolve much of the problems that exist in Medicare—especially the one related to intergenerational equity. To do so, however, would take a political will that seems to have evaded us, and which was certainly not a focus of the book, *Medicare Reform: Issues and Answers*.

Deborah Schild Wilkinson
University of Michigan