



Written by [James Heiser](#) on August 24, 2009

Medicare Drug Costs Prompts Tax-increase Call

As Congress and the Obama administration prepare to collectivize the entire healthcare industry, America's senior citizens are paying the cost for an earlier administration's experiment in healthcare.

According to an Associated Press article, "Millions of older people face shrinking Social Security checks next year, the first time in a generation that payments would not rise. The trustees who oversee Social Security are projecting there won't be a cost of living adjustment (COLA) for the next two years. That hasn't happened since automatic increases were adopted in 1975. By law, Social Security benefits cannot go down. Nevertheless, monthly payments would drop for millions of people in the Medicare prescription drug program because the premiums, which often are deducted from Social Security payments, are scheduled to go up slightly." Thus, in essence, a cut is not a "cut" when the government says so.



The article continues, "More than 32 million people are in the Medicare prescription drug program. Average monthly premiums are set to go from \$28 this year to \$30 next year, though they vary by plan. About 6 million people in the program have premiums deducted from their monthly Social Security payments, according to the Social Security Administration." For a Social Security system riddled with fundamental problems since the time of its inception in the midst of President Roosevelt's experiments in socialism in his New Deal, the financial burden facing senior citizens in the midst of the present economic meltdown and runaway government spending is simply one more marker on the road to ruin in 2037 when, even by government accounting, the Social Security 'fund' will be 'depleted.'

From the beginning of President Bush's Medicare Prescription Drug Program, critics have observed that the program made little sense, economically-speaking.

Thus, for example, [Jacob Weisberg wrote in January 2006](#) for Slate.com: "President Bush thought that millions would welcome his intervention. But the effort has not gone as planned. Costs are spiraling out of control, and many of the people we wanted to help are protesting that the situation is worse than ever. Three years later, the entire poorly conceived enterprise is in jeopardy.

"I refer, of course, to the administration's program to subsidize the cost of prescription drugs for the elderly. ... The specter of citizens going without needed medications has provoked action by several governors, some of whom have invoked emergency powers to pay for drugs. Meanwhile, the estimated cost of this plan that no one likes has already more than doubled and is now projected at more than \$1 trillion over the next decade."



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Of course, Weisberg wrote at a time when \$1 trillion was still considered “real money” on Capitol Hill. Even before the economic collapse of the past year, the Social Security and the Medicare Prescription Drug Program were facing fundamental problems. So, what is the solution? According to sources emphasized in the AP article, even *more* government intervention, taxation, and spending. Writer Stephen Ohlemacher quotes Barbara Kennelly (identified as “a former Democratic congresswoman from Connecticut who now heads the National Committee to Preserve Social Security and Medicare”) as saying the solution is to, in essence, raise taxes on American workers:

Kennelly’s group wants Congress to increase Social Security benefits next year, even though the formula doesn’t call for it. She would like to see either a 1 percent increase in monthly payments or a one-time payment of \$150. The cost of a one-time payment, a little less than \$8 billion, could be covered by increasing the amount of income subjected to Social Security taxes, Kennelly said. Workers only pay Social Security taxes on the first \$106,800 of income.

Such a tax increase would be highly regressive, falling on the middle and lower income ranks of America’s work force. The specter of past “one-time” taxes and programs also looms in the shadows, as what has been proposed as a “one-time fix” becomes an annual ritual.

Self-described [“democratic socialist”](#) Sen. Bernie Sanders (I-VT) is pushing for a bill that would provide such a “one-time” payment. In the words of the AP article, “I think a lot of seniors do not know what’s coming down the pike, and I believe that when they hear that, they’re going to be upset,” said Sen. Bernie Sanders, an independent from Vermont who is working on a proposal for one-time payments for Social Security recipients. ‘It is my view that seniors are going to need help this year, and it would not be acceptable for Congress to simply turn its back,’ he said.” What is clear is that the American people cannot take the risk of turning their backs on Congress for a moment without expecting our elected representatives to go fishing through our wallets once again.



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