

# Medicare Maladies

A Series that Exposes the Dangerous Elements of the Medicare Bill currently in Committee

## **MM #15: Forget College. Save For Baby's Medicare Taxes.**

Babies born today will have no memory of the 20<sup>th</sup> century when they grow up. Even major events of the early 21<sup>st</sup> century—the 2000 presidential election, the Sept. 11 attacks, the fall of Saddam Hussein—will be something they learn in history books and videos.

But when they study the year 2003, they will never forget it.

Why? Because 2003 could be the year when Congress gave them a lifetime of increased taxes by adding prescription drug coverage to Medicare without making real structural reforms to the Great Society program.

Here's how: Because it's a mandatory government program, Medicare's costs have increased from \$10 billion in 1965 to \$244 billion in 2003. And as 77 million baby boomers prepare to retire in the coming decade, those costs are expected to jump even higher.

That means in 2030, when babies born today are 27, their households would pay \$1,125 in taxes just to cover the drug benefits for seniors. This is in addition to the 15.3 percent payroll tax, plus the \$2,855 in additional taxes needed to cover the shortfall in the current Medicare program, according to a July 30 study by Heritage Foundation tax and budget experts William Beach and Brian Riedl. They add that these taxes will increase rapidly over the next 40 years before these babies celebrate their own retirement.

That's a history no generation, no matter how great, wants to make.

Read more about Heritage's Medicare research at [heritage.org](http://heritage.org).

For more information or to receive an e-mail version of "Medicare Maladies," contact [medicaremaladies@heritage.org](mailto:medicaremaladies@heritage.org) or call Heritage Media Services at (202) 675-1761.

("Medicare Maladies" is a regular feature, launched 7/14/03, from The Heritage Foundation. Sad to say, there's another malady coming your way tomorrow. Daily "maladies" are also available on [heritage.org](http://heritage.org).)