

# Medicare Maladies

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

## MM #27: Senator, Where Does Medicare Money Come From?

Many parents dread the question: “Where do babies come from?” So, too, many lawmakers eager to give birth to a new drug entitlement for seniors seem just as reluctant to answer the question: Where will the money come from?

As *The New York Times* noted in an Aug. 18 article, there’s no budget surplus to tap for the prescription drug benefit to Medicare, which would add at least \$400 billion over 10 years to Medicare spending. This raises the question: Who will pay for it?

Leave it to James A. Lebenthal, of the Wall Street bond firm Lebenthal & Company, to reveal the harsh financial truths: “The money comes from the public. Not today’s public, but the public you have just sired and that’s lying in your bassinet,” he told *The Times*.

That’s something Heritage Foundation health-care analysts have been saying for months. If lawmakers add a prescription drug benefit to Medicare as a universal entitlement, the costs on future generations are almost beyond belief. For example, a baby born today would, by age 27, pay extra taxes averaging \$1,125 per household. That’s on top of other taxes to cover funding shortfalls totaling trillions that will be needed to maintain future Medicare and Social Security benefits already promised to 77 million soon-to-retire baby boomers.

So, where will Medicare drug money come from? If Congress offers prescription drug coverage to all seniors, the answer is in the nursery.

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(“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).)