

Medicare Maladies

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

MM #52: The Dirty Little Secret of Prescription Drugs

Lawmakers know a dirty little secret about proposals to make prescription drugs a universal entitlement in Medicare: It could cost your children crucial tax breaks that will help them get a house, keep their own health insurance and put their own kids through college.

Adding a prescription drug entitlement to the financially troubled Medicare program will just hasten its plunge into bankruptcy, Heritage Foundation tax and budget experts Brian Riedl and William Beach write in a Sept. 24 essay. To keep the Great Society program afloat means income taxes will have to be raised by an average of 18 percent through 2030 just to keep the program solvent. To make that colossal hike happen, Riedl and Beach say some options include:

- Raising most income tax rates by 7 to 9 percentage points each;
- Ending the home mortgage tax deduction, child tax credit and earned income tax credit; or
- Repealing the tax exclusion that exempts employees from paying taxes on the value of their health insurance.

“Of course, lawmakers won’t tell you that,” Riedl and Beach write. “They seem content to spend now and leave the inevitable tax hikes to future Congresses.”

They should be. They don’t have to pay for what they propose—if they keep quiet.

Read about better ways to offer prescription drugs through Medicare at heritage.org.

For more information or to receive an e-mail version of “Medicare Maladies,” contact 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.)