



The Fairfax County Taxpayers Alliance

Watchdog of the Taxpayers' Dollar Since 1956

November 15, 2009

The Honorable James H. Webb, Jr.
United States Senate
144 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Webb:

The Fairfax County Taxpayers Alliance urges you to vote against expanding government health care. **The 75-year unfunded liability of Medicare is \$45 trillion.** Long-term projections for Medicaid are not published, but Medicaid and Medicare spending are about equal. **Forty years' experience with Medicare and Medicaid contradict claims that more government health care will reduce the deficit.**

Congressional health care proposals expand state-funded Medicaid. States cannot afford this. The Virginia Joint Legislative Audit and Review Commission's *Review of State Spending: 2007 Update* reports that between 1998 and 2007, **the Virginia Department of Medical Assistance Services (Medicaid) budget increased 122 percent**, to \$5.3 billion. Over the same period **Virginia population increased 14 percent**. Virginia cannot adequately fund transportation infrastructure if Medicaid continues growing at this rate.

The principal solution to medical care inflation is rarely mentioned. The McKinsey Global Institute's 2008 study, *Accounting for the cost of US health care*, states (p. 27), "...health care consumers' average direct out-of-pocket expenditures are relatively low and indeed have declined from 47 percent in 1960 to 12 percent in 2006. ... for consumers with low out-of-pocket expenditures the price of health care services or the amount of care consumed is not a concern".

The major cause of health care inflation is the high demand resulting from low out-of-pocket expenses for those insured privately and by Medicare and Medicaid. McKinsey also states (p. 55) that dental care inflation is low "... because of the low rate of dental insurance coverage in the United States. ... nearly 45 percent of dental care is paid for out of pocket (compared with 10 percent of physician care)." **Raising deductibles and co-payments for private insurance, Medicaid, and Medicare will reduce health care inflation.**

To not bankrupt this country for our children, cut the growth of social security, Medicare, and Medicaid. The sooner we cut these programs, the longer we can cover those who currently depend on them.

Sincerely,

Arthur Purves
President
Fairfax County Taxpayers Alliance

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