One-third of elderly Americans die in medical debt

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A report on out-of-pocket spending for medical care in the last five years of life, presented at the American Geriatrics Society annual meeting in early May, illustrates the financial disaster facing millions of retirees and their families, even as the Republicans and Democrats squabble in Washington over how to impose even greater burdens on working people.

The report was prepared by a team led by Dr. Amy Kelley, of the Department of Geriatrics and Palliative Medicine at the Mount Sinai School of Medicine in New York City. Dr. Kelley's paper was based on data taken from the national Health and Retirement Study, and relied on interviews with health care proxies of those who died between 2002-2008. The sample included 3,209 people who were at least 70 years old when they died, with the median age at death 84.3 years.

One aim of the study was to measure the success of the national Medicare program, enacted under the administration of Lyndon Johnson almost 50 years ago, in helping working people avoid destitution in the last years of their lives. The paper begins with the well-known quote from Johnson when Medicare was established in 1965: "No longer will illness crush and destroy the savings that [older Americans] have so carefully put away over a lifetime."

The study documents what is readily apparent in working class communities in every part of the United States—the Medicare program has not lived up to this promise made in 1965.

In fact, out-of-pocket costs average nearly $39,000 over the last five years of life. For nearly 10 percent of the sample they approach $100,000, despite the fact that these people are covered by Medicare.

As the report explains, the federal insurance program, paid for by the beneficiaries themselves over their working lives and covering those 65 and older, does not include deductibles and co-payments for doctors, drugs and hospitals, nor does it cover dental care, eye care and glasses, hearing aids or home care and nursing homes.

Considering this, as well as the continuing rise in health care costs, it is not surprising that expenses in the last five years of life exceeded total assets for 18 percent of the population studied, a figure that jumped to 33 percent when housing, which is not a liquid asset that can be used to pay medical bills, is excluded.

Where the previous generation was often able to pass on savings to their children, today older Americans increasingly face impoverishment and a demoralizing mountain of medical bills.

Median assets five years before death of the study sample were $107,000, including the value of homes. Forty-six percent of the sample suffered from heart disease one year before death, 25 percent had diabetes and 20 had Alzheimer's disease. While Alzheimer's was associated with the highest out-of-pocket costs, diabetes and heart disease were not far behind.

Referring to the study, Dr. Kelley told a *New York Times* blogger, "As a geriatrician, I'm not surprised." She referred to "proposals out there" to cut Medicare costs "that would consider 'cost-sharing,' saving money by shifting costs to beneficiaries."

In other words, whichever of the warring big business parties in Washington eventually succeeds in imposing its plan for "Medicare reform," the situation is about to get much worse for the elderly and their families. Behind the honeyed phrases of the Obama administration about universal coverage and insurance for pre-existing conditions, the reality is that the misnamed Affordable Care Act transfers untold billions of dollars to private insurers and also, through

Medicare cutbacks, shifts ever higher costs onto the already overburdened elderly in the last years of their lives.

Medicare, part of the “Great Society” programs of the 1960s, coincided with the waning of the postwar boom. US workers never enjoyed the kind of health care coverage and security that was provided, at least during for a few postwar decades, under Britain’s National Health Service and similar programs in other advanced capitalist economies.

Even the limited reform of Medicare was quickly undermined by the deepening contradictions of American capitalism. The social programs that were utilized to purchase a fragile but nonetheless relative social and political stability over the past half century can no longer be provided by the profit system. The interests of the financial and corporate oligarchy are colliding head on with those of the masses of workers and retirees. This is the fundamental reality underlying the false promise of Medicare and the poverty facing growing numbers of retired workers today.