

Medicare Doomed From Start

IN THE ARTICLE, "Recession Hits Medicare," AP's Martin Crutsinger reports that Medicare will be insolvent faster than expected. The problem is not that he is wrong — he is quite right. The problem is that people may confuse the cause of Medicare insolvency with the speed of its demise.

Medicare was fatally flawed from its very signing in 1965. It provides unlimited services with limited funds. Any economist — anyone who balances a checkbook — can tell you that variable demand cannot be balanced by fixed supply.

In 1990, The Government Accounting Office compared the projected (in 1965) cost of Medicare with its actual cost 25 years later. The planners were off just

a bit: Medicare cost over 800 percent more than anticipated!

Medicare was always a doomed ship. The current recession did not cause it to founder. It just sped up the rate at which it is sinking.

I fear that the public will believe that recovery from the recession will restore Medicare viability. It will not. Even if we could magically return to easy lending and spending; low unemployment and high property values, Medicare will still not survive.

No system can be stable, much less thrive, when supply and demand are "disconnected." This is true for Medicare and equally true for all of health care.

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