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How the War on Poverty Expanded Care for the Elderly and Changed the U.S. Health System

Katherine Swartz, Harvard School of Public Health

Two nationwide health insurance programs were launched in 1965 as key parts of the War on Poverty. *Medicare* provides insurance to help pay for health care for elderly Americans. *Medicaid* pays for health care for poor children, pregnant women and people with disabilities, as well as poor elderly men and women. The War on Poverty also created community health centers to expand the supply of physicians, nurses, and dentists in rural and inner-city areas where shortages of medical personnel made it difficult for people to get care. The best evidence shows that these programs increased access to health care for America's elderly and spurred major social, fiscal, and technological changes, mostly beneficial, in the entire U.S. health system.

Access to Care and a New Sense of Security

Widespread access to Medicare and Medicaid benefits coincided with increases in life expectancy, as well as with dramatically improved treatments for heart conditions, diabetes, stroke, cancers, and orthopedic conditions, to name a few. Patients diagnosed with such illnesses used to face the prospect of death before long; today, many people live for years with these chronic conditions. The best available evidence indicates that access to affordable care – especially hospital treatment – has improved for older people since the War on Poverty was launched; and there is some evidence that Medicare improves the health of the elderly when they suffer illnesses that can be fatal without hospital treatment. However, there is no proof that Medicare and Medicaid as such are the primary reasons that people live longer. The number of years people who turn 65 can expect to live has increased in most developed nations since 1970, whether or not nations had universal health insurance before that date. This suggests that factors in addition to health insurance are at work.

Beyond direct impacts on wellbeing and access to care, the War on Poverty's health programs drastically reduced what had been a common anxiety for aging Americans in the years before 1965 – the fear of being unable to afford essential medical services. Medicare reduced individuals' risk of financial ruin due to high medical costs in old age. This allowed successive cohorts of elderly Americans, as well as their children and grandchildren, to live very different lives during their income-earning years. After the 1960s, Americans approaching old age no longer had to worry about saving enough to cover the costs of medical care in their retirement years. Equally important, their working-aged children have been able to shift resources toward educating and helping own children, secure in the knowledge that the grandparent generation will have a baseline of publicly guaranteed health benefits to rely upon in retirement.

Medicaid has had a less visible impact than Medicare on the elderly, even though many are poor, especially the oldest women. Research studies of people who benefits from both Medicaid and Medicare usually do not distinguished between the elderly and non-elderly, making it difficult to know how the elderly poor have been helped by Medicaid specifically. Another issue is that many elderly citizens who are eligible for Medicaid do not know it, or end up not enrolling because the process is difficult in a number of states. In principle, Medicaid is there to assist the elderly poor with expenses not covered by Medicare, but in reality many are doing without the extra help.

If they live in states with "medically needy" Medicaid programs, elderly people with incomes above the federal poverty level can receive long-term care services. Such help can keep the elderly and their families from becoming poor – a benefit recognized by large numbers of middle-class families but often forgotten by experts and politicians as they debate the future of Medicaid. Like Medicare, Medicaid helps the middle class as well as the poor.

Changes in the U.S. Health Care System

In addition to improving life for older people and their families, Medicare and Medicaid helped to spur major

transformations in U.S. health care over the past five decades:

- Because federal funds could not be spent on racially segregated institutions, Medicare accelerated the integration of hospitals and the removal of barriers that had kept non-white physicians from admitting patients. Community clinics also serve people of all races.

- Vastly expanded resources to fund health care for the elderly fostered the development of new treatment options, some of which helped turn previously fatal conditions into chronic conditions that older people now live with for decades, while others like knee-replacement surgery improve the quality of life for the elderly and not-yet elderly alike.

- Because Medicare is a national program – a "single payer" covering a large share of costs for a growing elderly population – it has major clout in the health system. In the 1980s and beyond, Medicare administrators encouraged new cost-control methods and improvements in health care delivery. Reforms started with programs serving the elderly, but then spread to influence the routines of hospitals and providers throughout the system.

What the Future Holds

Despite the many benefits from Medicare and Medicaid, we should be concerned about their ability to continue to help the elderly, especially the elderly poor. Along with some geographic disparities, income and race-based disparities still exist in the use of medical care by the elderly – and some gaps may actually be widening. As health care costs continue to grow faster than the whole economy, Medicare's requirements for patients to share costs leave more and more low-income elders with unaffordable charges, especially those in their eighties and older.

Reforms included in the 2010 Affordable Care Act enhance health coverage for the elderly, expand community clinics, and encourage overall efficiencies in health care delivery. But the growing need for costly long-term care is not adequately tackled, and rising medical-care costs remain a concern. The biggest challenge facing Medicare and Medicaid is how to make them financially sustainable, so Americans in the future will not revisit the fears about paying for medical care in old age so prevalent before the War on Poverty began.

Read more in Katherine Swartz, "Medicare and Medicaid," in *Legacies of the War on Poverty*, edited by Martha J. Bailey and Sheldon Danziger (Russell Sage Foundation, 2013), 268-298.