

# The Deficit Reduction Act

## 3 fundamental principles:

- *Reforming Government*
- *Reducing the Deficit*
- *Renewing our commitment to hardworking American taxpayers*

## Key Provisions:

### **Saving and Strengthening Medicaid**

- ✓ Republicans have a plan with provisions offered by the bi-partisan National Governors Association.
- ✓ Medicaid will continue to grow by 7%.
- ✓ The cost to taxpayers for prescription drugs under Medicaid will be less as a result of more accurate drug pricing.
- ✓ Health Opportunity Accounts will allow a limited number of states to make available Health Savings-like accounts to Medicaid beneficiaries.
- ✓ Closes loopholes so wealthy Americans can't deplete their assets and collect benefits intended for those that truly need and deserve them.
- ✓ Requires states to better enforce current law and prevent illegal aliens from getting Medicaid.

### **Reducing Waste, Fraud and Abuse**

- ✓ Puts an end to the abusive practice of some lenders who have been charging students 9.5% interest.
- ✓ Ends double-dip payments of federal matching funds when states spend federal child support incentive funds.
- ✓ Brings Medicaid drug reimbursements in line with the actual sales price of drugs versus ambiguous pricing scheme that exists today.
- ✓ Restricts asset transfers making it more difficult for middle and upper class seniors to hide assets to get Medicaid to pay for their nursing home care.

### **Strengthening and Simplifying Student Loans**

- ✓ Funding for student financial aid will continue to increase as college enrollment increases.
- ✓ Financial aid goes up through increases in loan limits and reduction in origination fees.
- ✓ Ends practices that have allowed some lenders to collect a minimum 9.5% rate of return on some student loans.

### **Rebuilding Community First Responder Capabilities**

- ✓ Frees up vital spectrum for first responders by auctioning off spectrum used by analog broadcasters as recommended by the 9-11 Commission last year.

### **Protecting Lifetime Savings**

- ✓ Protects workers' pensions by placing the Pension Benefit Guaranty Corporation (PBGC) on a more solid financial foundation and protects taxpayers from the cost of a massive bailout.

### **Increasing Heating Assistance for Low-Income Americans**

- ✓ Assumes \$1 billion (a 50% increase) in additional funding for the Low-Income Home Energy Assistance Program (LIHEAP) to help needy families heat their homes.

### **Expanding Welfare Reform**

- ✓ Reauthorizes the successful welfare reform policies in TANF and provides an additional \$1 billion in funding.

### **Reforming Food Stamp Eligibility Requirements**

- ✓ Makes receipt of TANF cash benefits the only determining automatic qualifier for food stamps.
- ✓ Increases the time limit that resident non-citizens have to wait to receive food stamps from 5 to 7 years (non-citizens residing in the U.S. for 5 years who have applied for citizenship or are 60 years and older would remain eligible for food stamps)

### **Reducing the Deficit and Creating Jobs**

- ✓ Our economy is growing and creating jobs - raising taxes is exactly the wrong thing to do.
- ✓ We use common sense reforms to reduce the deficit by \$50 billion.