

REPUBLICAN BUDGET DESTROYS MEDICARE

The Republican budget will ration care by turning Medicare beneficiaries over to private insurers with no guarantee of a defined benefit package and will drastically increase beneficiary costs. According to the Congressional Budget Office, the Republican budget will dramatically cut spending on Medicare for new beneficiaries by more than \$2,200 per person per year, starting in 2030, and by \$8,000 in 2050. While the Ryan budget may reduce government spending on Medicare, that cost will be directly shifted to beneficiaries, imposing a new and large cost burden on seniors and individuals with disabilities.

- **Republican Budget Ends Traditional Medicare.** The Republican budget claims that a program similar to the traditional Medicare program will continue to exist and will compete with private plans in the new Medicare exchange. This is an empty promise. Under a premium-support system, private plans will still cherry-pick healthier enrollees and traditional Medicare will likely attract a less healthy pool of beneficiaries. Over time, traditional Medicare would become a less affordable option as private insurers skim off the healthy beneficiaries, causing costs to rise for the sicker and older beneficiaries who would remain in traditional Medicare. Indeed, there is no guarantee that the voucher would cover the cost of Medicare either when premium support starts or after the voucher system progresses.
- **Republican Budget Shifts Huge Costs to Seniors.** The Republican Medicare voucher would dramatically increase costs for Medicare beneficiaries – to the tune of \$2,200 per beneficiary starting in 2030 and increasing to \$8,000 per beneficiary in 2050.
- **Republican Budget Turns Control Over to Health Insurance Companies.** Medicare patients today have strong consumer protections against the well-documented abuses of private insurance plans and have access to a broad network as most providers participate in Medicare. Medicare was created in part because private insurers didn't want to cover senior citizens and people with disabilities. Republicans who ignore history are doomed to repeat it, but senior citizens and people with disabilities will pay the price for such extreme ideology.
- **Private Plans are Not Required to Provide Guaranteed Benefits under Medicare.** Under the Republican budget, private plans provide benefits that are “actuarially equivalent” to the benefits under traditional Medicare; thus, they are NOT required to provide guaranteed Medicare benefits. This means that a private plan will explicitly decide what benefits are covered. A plan could easily decide not to cover chemotherapy, thus leaving a beneficiary with cancer with the only real choice of traditional Medicare which might be far out of their price range.

- **Republican Budget Imposes Spending Cap on the Program, Explicitly Increasing Beneficiary Costs.** The Republican budget imposes a spending cap on the amount of the voucher so that the increase in the voucher cannot exceed GDP+0.5 percentage points. Any additional cost for health coverage must be paid for by the beneficiary. Thus, the Republican budget explicitly increases beneficiaries' costs through this new cap. This new cap is even lower than that proposed by the Ryan-Wyden plan, and thus Republicans can no longer claim the support of a single Democrat. It is also lower than the Independent Payment Advisory Board (IPAB) cap and, unlike IPAB, has no protection against beneficiary cost increases, benefit cuts, or rationing.
- **Republican Budget Puts Health Provider Payment Rates At Risk.** The arbitrary cap on spending would also put pressure on health plans -- and what remains of the traditional Medicare program -- to reduce provider payments as a way to lower their costs. With more and more beneficiaries moving to private plans, providers would be further forced into the uncertain world of negotiating payment rates with profit-driven private insurers.
- **Republicans Don't Need to Gut Medicare to Offer Private Plans.** Some conservative analysts and politicians have attempted to justify the Republican Medicare voucher plan by saying that the elderly should have options. That is already true today. Medicare offers private plan choices to virtually all Medicare patients today (99.7 percent), while maintaining traditional Medicare and guaranteed defined benefits as an affordable option for all. Faced with these choices, the overwhelming majority -- 75 percent -- of beneficiaries choose to remain with traditional Medicare.
- **Republicans Don't Need to End Medicare to Control Costs.** Unlike the Republican budget, which would lead to dramatic benefit cuts and cost increases, the ACA dramatically slowed the rate of Medicare cost growth while preserving access to care, reforming the delivery system to focus on quality and value, and improving benefits. Medicare has often led the way in payment reforms that drive more efficient provision of care, and the program will continue to do so under the ACA. The Republican voucher plan and repeal of ACA destroys Medicare's role as a leader in innovation of health care delivery.
- **Despite Republican Rhetoric, the Republican Budget Endangers Current Beneficiaries.** While the Republican voucher plan starts for beneficiaries joining the program in 2023, current beneficiaries are not safe as the budget also includes \$122 in program cuts in the next ten years. These cuts will include increased premiums for middle-income families, as well as the possibility of other new co-payments. And these cuts are in addition to the \$83 billion in Medicare cuts already assumed under the Budget Control Act sequester.

- **Republicans Raise Medicare Eligibility Age.** The Republican budget would raise the Medicare eligibility age to age 67 by 2034. To do so while also repealing the Affordable Care Act shifts costs to employers, individuals and other programs, and leaves these individuals with potentially no place to purchase affordable- or any – health care. It also raises costs for those that do get to join Medicare as the group starts to skew towards an older and more costly population.
- **Retains ACA Savings, while Repealing ACA Benefit Improvements.** Despite all of the Republican’s heated rhetoric about the changes made to Medicare in the Affordable Care Act, their budget embraces all of the ACA’s Medicare savings. However, it rejects all of the benefit improvements, resulting in higher premiums and higher costs for prescription drugs, preventive services, and other services.
- **Most American Oppose the Republican Plan for Medicare.** A recent poll by the Kaiser Family Foundation found that 70 percent of Americans prefer to keep Medicare’s guaranteed benefits than convert to a premium support model. There is remarkable agreement on this issue by age, with at least two-thirds in each age group supporting keeping Medicare as is. Even among Republicans, 53 percent prefer keep Medicare as is, rather than converting it along the lines of the Republican Budget.