# House Republican budget proposal takes aim at Medicare and Medicaid

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A proposal from House Budget Committee Chairman Paul Ryan (Republican of Wisconsin), set to be unveiled on Tuesday, would cut more than $4 trillion over the next decade. The spending cuts would come in large part through undermining Medicare and Medicaid and inflicting suffering on those who depend on the health care programs.

Under the Republican proposal, the government Medicare program for the elderly and the disabled would be phased out for those who are presently younger than 55. The age of eligibility would also be gradually raised from 65 to 67. In its place, people would be given a fixed-amount voucher to use toward purchase of private health insurance.

As for Medicaid, the medical program for the poor jointly funded by the federal government and the states, the proposal would transform federal funding for the program into block grants to the states. According to Rep. Ryan, this would allow states to "customize" health coverage for the poor.

Although details of the Republican proposal have yet to be released, it is reportedly based in large part on a previous plan co-authored by Ryan and former Clinton White House Budget Director Alice Rivlin. Rivlin was also appointed by President Obama to the bipartisan National Commission on Fiscal Responsibility and Reform. That commission also recommended $4 trillion in cuts, but its report never made it out of committee.

The Ryan-Rivlin proposal, issued last November, calls for the virtual dismantling of the traditional fee-for-service Medicare program over the next decade. Individuals who turn 65 in 2021 and later would no longer be eligible for the traditional, guaranteed set of health benefits under Medicare, but would instead receive vouchers to purchase private health insurance on a new Medicare Exchange.

Those people now 55 and older would stay in traditional Medicare, but the proposal would increase the shared costs most recipients are currently required to pay for health services covered under the program.

The value of the vouchers in 2021 and beyond would be based on the average cost of benefits for a Medicare recipient in 2012, increased by the annual growth of GDP per capita, plus one percentage point. According to a report from the Center on Budget and Policy Priorities (CBPP), under the new voucher system, many people would find that the value of the vouchers would not allow them to purchase a package of benefits equal to that now provided under Medicare.

According to an analysis by the Congressional Budget Office, under the Ryan-Rivlin plan, "Voucher recipients would probably have to purchase less extensive coverage or pay higher premiums than they would under current law." Additionally, according to the CBPP report, "insurers would be allowed to charge older and sicker Medicare beneficiaries higher premiums."

In an effort to boost their bottom line, private insurers would also undoubtedly seek ways to keep the unhealthiest individuals from obtaining coverage. The Ryan-Rivlin plan also sets no specific standards for what the private plans on the Medicare Exchange must offer, meaning that the most sickly and disabled would be relegated to whatever level of benefits they could afford to purchase.

The raising of the age of eligibility would also result in higher costs and decreased care for millions. Beginning in 2021, the age of eligibility would increase two months a year, rising from the present 65 years to 67 years by 2032. Those 65 and 66 years of age would be forced to purchase insurance on the insurance exchanges to be set up under Obama's health care overhaul.

The CBPP estimates that those individuals eligible for subsidies under the health care bill would end up paying on average $2,400 a year more for premiums than they

would have paid on Medicare. Those ineligible for subsidies could be faced with premiums as high as $9,000 a year in 2011 dollars for an individual, and double that for a couple, putting insurance out of reach altogether.

Starting in 2013 under the Ryan-Rivlin proposal, those allowed to remain in traditional Medicare would face a dramatic rise in cost-sharing. The plan looks to save $110 billion over 10 years by increasing deductibles and co-insurance costs for most beneficiaries, in particular for hospital stays. The end result is that many individuals, particularly the poor, and those in the poorest health, would face higher costs while having less access to needed health care services.

CBPP quotes Drew Altman, president of the Kaiser Family Foundation: "Warren Buffet is not the typical Medicare beneficiary. Instead the prototype is an older woman with multiple chronic illnesses living on an income of less than $25,000 who spends more than 15 percent of her income on health care. It is the people on these programs and the realities of their lives that have been left out of the discussion."

The proposals to revamp Medicaid would have similar dire consequences, and would open the way for states to implement drastic cuts in spending on health care for the poor. Currently the federal government funds between 50 and 75 percent of each state's Medicaid costs, or an average of 57 percent.

The Ryan-Rivlin proposal would transform this federal Medicaid funding into a fixed-amount block grant for each state that would grow far less rapidly than health care costs. As it is currently set up, if state Medicaid costs rise, the federal government pays for its share of the increased costs. With a block grant, however, the states would be responsible for the entire balance of increased costs.

The Congressional Budget Office estimates that according to the formula used by the Ryan-Rivlin proposal to calculate the block grants, federal Medicaid funding would be reduced by $180 billion through the year 2020. Responding to this reduction in funding, states, already dealing with huge budget deficits, would respond by cutting back eligibility and benefits for Medicaid recipients. Pressures to cut health care services for the poor would increase in the event of a continued economic downturn, an epidemic or other catastrophe.

The block grant system also provides the states with greater flexibility to make cuts than allowed under the present system. They could cap Medicaid enrollment, put people on waiting lists, and scale back eligibility. Affected, according to the CBPP report, would be "millions of low-income children, parents, pregnant women, people with disabilities and seniors—driving many of them into the ranks of the uninsured—or cut services substantially, with the result that many of the nation's poorest and most vulnerable people could become underinsured."

Poor people with severe disabilities and children with special health care needs would be especially hard hit. These people would lose access to a range of medical services, including mental health care and other therapies. States would also raise cost sharing, resulting in those on very low incomes forgoing vitally needed care and treatments.

States have already demonstrated their eagerness to impose vindictive cuts on workers, the poor and those most in need of medical services. Arizona Governor Jan Brewer announced last Thursday that she would impose $50 annual fees on two categories of childless adult Medicaid recipients.

Obese individuals with medical conditions such as diabetes who fail to work with their doctors to meet specific goals will be fined. Childless smokers will also be slapped with a $50 fee. Arizona would restore transplant funding for Medicaid recipients, which was cut last year, provoking widespread public outrage. (See "Arizona cuts Medicaid funding for organ transplants")

In Arizona, obese government employees are charged $25 extra per month for health insurance if they do not try to lose weight; the County of Sarasota, Florida will not hire anyone who smokes.