



March 28, 2012

## **Republican Budget Ends Medicare Guarantee and Shreds Social Safety Net**

**Ends the Medicare Guarantee.** Under the Republican budget, individuals eligible for Medicare in 2023 or later will receive a voucher payment for the purchase of health coverage through private insurance or Medicare. The payment is capped over time to grow no faster than the increase in per capita Gross Domestic Product plus 0.5 percent. Health care costs are expected to rise at a much faster rate. As a result, people who rely on Medicare will face a terrible choice: either pay thousands more dollars on premiums for a plan that provides the current Medicare benefit package, or buy plans with skimpier benefits. Either way, the plan violates the Medicare guarantee.

**Raises Health Costs for Seniors.** The voucher reduces federal spending by increasing costs for seniors and disabled individuals, rather than by addressing the root causes of growing health care costs. Seniors cannot afford this gamble on their health security. Half of Medicare beneficiaries had incomes below \$21,000 in 2010. Federal payments for a senior's health care voucher will not be guaranteed to keep pace with costs, regardless of whether a senior enrolls in traditional Medicare or a private plan. There is no evidence that seniors will be able to keep their costs down without skimping on necessary medical care.

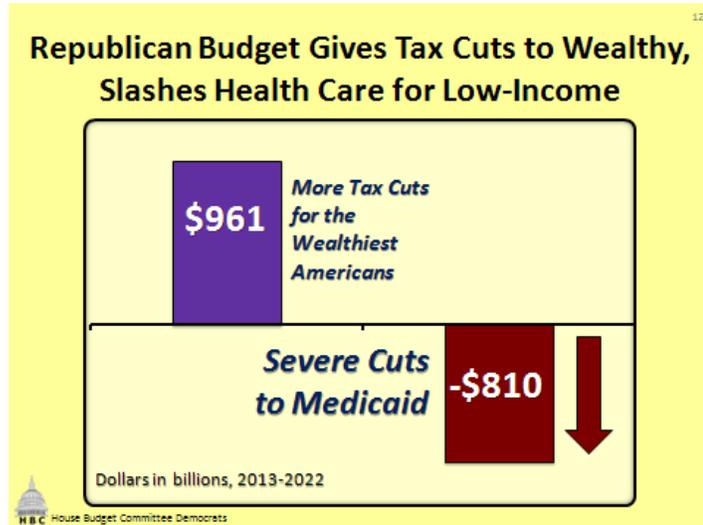
**Leaves Traditional Medicare to Wither on the Vine.** Seniors who remain in what's left of Medicare under the GOP plan will face the risk of skyrocketing costs and less access to care. Traditional Medicare would have much less ability to control costs and offer a broad choice of doctors. It is also likely that the traditional program will end up with the sickest, frailest beneficiaries, while private plans employ various strategies to "cherry-pick" the healthiest enrollees. As a result of all this, traditional Medicare will ultimately "wither on the vine."

**Reopens the "Donut Hole" and Increases Costs of Preventive Care Services.** The Republican budget takes away important Medicare improvements for seniors and persons with disabilities by repealing the Affordable Care Act (ACA). Under the ACA, seniors with high prescription drug costs will get a lot more help with those costs, as the ACA gradually closes the "donut hole" coverage gap in the Medicare Part D prescription drug benefit. **More than 5.1 million seniors have already saved an average of \$635 on their prescription drug costs. The average senior in the "donut hole" will save more than \$10,000 on their drug costs through 2020, thanks to the Affordable Care Act.** The Act also eliminates cost-sharing for key preventive services such as mammograms and colonoscopies and provides a free Annual Wellness Visit. These types of benefits are crucial to transforming our health system into one that focuses on keeping people

healthy. Under the Republican budget, these improvements disappear, which will mean seniors and persons with disabilities will face higher costs for prescription drugs and preventive care.

**Slashes Medicaid.** The Republican budget cuts \$810 billion from Medicaid over ten years (a roughly 20-percent cut in 2013, rising to one-third by 2022) by converting the program into a “block grant” to states that bears no relation to the actual need for Medicaid services. “Block-granting” Medicaid is not entitlement reform, it is entitlement destruction. This is simply code for deep, arbitrary cuts in support to the

most vulnerable seniors, individuals with disabilities, and low-income children. The Congressional Budget Office (CBO) reported that while it cannot estimate how the Republican budget would affect access to health care, quality of care, or state budgets, it did report that states will need to increase their own spending, cut back services, or both. Devastating cuts to Medicaid will hurt the most vulnerable people in our nation – senior citizens and disabled individuals who together account for two-thirds of all Medicaid spending.



**Block-grants and Cuts Food Assistance for Struggling Families.** The Republican budget cuts the Supplemental Nutrition Assistance Program (SNAP) very deeply – by \$133.5 billion over ten years – relative to projected funding levels, which already assume the program’s scope and costs decline as the economy improves. The only ways to significantly reduce costs in SNAP (formerly called food stamps) are to throw people off the rolls or reduce the allotment per person, making it virtually impossible for people to afford a nutritionally sound diet.