

# The Washington Times

## **CBO TAKES A FALL FOR THE PRESIDENT: The Real Facts About the Ryan Plan**

By: Betsy McCaughey  
April 22, 2011

Critics of Rep. Paul Ryan's budget proposal are howling that seniors will suffer. A Congressional Budget Office (CBO) report concludes that Mr. Ryan's plan would make seniors "bear a much larger share of their health care costs." (CBO report p.4) The CBO's statement is false, but it's being repeated in news headlines across the nation. The CBO authors called their analysis of Mr. Ryan's proposal "stylized." Deceptive is more like it.

Don't be bamboozled. Under the Ryan proposal, which was adopted by the House of Representatives last week, Americans who become eligible for Medicare in 2022 or thereafter will be guaranteed a premium paid by the federal government to the private health plan of their choice.

The CBO's own data confirm that the premium paid for each senior (except the wealthy) would be the same dollar amount as what Medicare would otherwise spend directly on their care: \$15,000 on average, with more for older seniors, all inflation-adjusted. (p. 23) Premium support is not intended to give seniors less than they will get from Medicare under the Obama health law.

Despite this key fact, the CBO is trying to argue that the premium won't be enough, forcing seniors to dig into their pockets. The CBO claims that private plan costs will rise faster year to year than Medicare costs, becoming unaffordable. "Paying more for health care would be particularly challenging for elderly people with less savings and lower income," the CBO contends. (p. 24)

This is a double flimflam. First, research shows that competing private plans are likely to control costs better than government-run Medicare. A study from the prestigious National Bureau of Economic Research demonstrated that in regions of the United States with competition between private Medicare Advantage plans, the cost of care was reduced January 2008.

Secondly, the Ryan plan offers low-income seniors an additional \$7,800 annual medical savings account to help with out-of-pocket expenses, bringing the average benefit for low-income seniors to \$22,800 before inflation adjustments. Amazingly, the CBO authors confess omitting this from their calculations. Their dire warning that low-income seniors would suffer is completely baseless. (p.24)

In truth, only wealthy seniors will have to pay more out of pocket under the Ryan proposal. The top 6 percent of earners among Medicare beneficiaries will get less help with premiums. In the nation's fiscal crisis, this makes sense.

The facts disprove the CBO's much-touted conclusion that under Mr. Ryan's plan, low-income seniors will be denied sufficient Medicare coverage. The CBO once produced reliable, impartial assessments of policy proposals. It's time for Congress to find a new source of honest, independent research.

The choice for Americans under age 55 is not between traditional Medicare and the Ryan proposal. Medicare as we've always known it is gone - eviscerated by President Obama's own health care law.

Even the CBO report confirms that cuts in Medicare payment rates to doctors and hospitals under the Obama health law could limit access to care, as more doctors and hospitals refuse to participate. And when the nation's debt crisis worsens, Medicare benefits will be put on the chopping block. (p.25) In his April 13 speech, the president predicted that the Independent Payment Advisory Board established by the Obama health law would decide what health services are "unnecessary." Americans in their 40s and 50s will be better off taking premium support and choosing their own health plan when they retire.

*Betsy McCaughey is former lieutenant governor of New York state and author of "The Obama Health Law: What It Says And How To Overturn It."*