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Ryan's Plan Will Fix Medicare — Not Destroy It

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In his speech to the nation on Wednesday, President Obama joined the chorus of critics howling that Rep. Paul Ryan's federal budget proposal is cruel to seniors and will decimate Medicare as we've known it.

The data show the opposite. Seniors and baby boomers will be better off under the Ryan proposal than under the Obama health law.

The biggest winners are Americans under 55. They need to pay attention as Congress debates the budget. It is not about next year.

It's about Medicare a decade from now, when they will need it.

The Obama health plan reduces future funding for Medicare by \$575 billion over the next 10 years and spends it on other programs, including a vast expansion of Medicaid.

It's robbing grandma and grandpa.

The Ryan program stops the raid on Medicare. In the year 2019, according to Medicare's own actuaries, Medicare will spend \$14,731 per senior, under the Obama health law, instead of \$16,162 if the Obama health law had not been enacted.

Such cuts might be justifiable if the savings extended the financial life of Medicare. President Obama and Health and Human Services Secretary Kathleen Sebelius frequently make that false claim.

Even Medicare's mailings to seniors repeat the lie that the spending reductions will make Medicare more financially secure.

The truth is, Medicare is being bled dry, not saved.

While Ryan's proposal also reduces future Medicare spending over the next decade, the differences are how the reductions are achieved and what is done with the "savings." Ryan's proposal stops the Medicare heist.

That's good news for Americans who will turn 65 in 2022 or later. The Ryan proposal guarantees them a premium paid to the health plan of their choice.

Having A Choice

Here's the key: The premium paid will be equivalent to what Medicare would otherwise have to spend directly on care. The average premium paid will be \$15,000, with inflation adjustments upward after that.

The poor and chronically ill will get more help, to minimize out of pocket costs, while seniors in the highest income group will get less help.

Will \$15,000 be enough? Ryan's critics protest that the amount is inadequate and seniors will suffer.

But \$15,000 is what Medicare is predicted to spend per senior under the Obama health law. (Reminder: The ObamaCare forecast is \$14,731 in 2019 with inflation adjustments thereafter.)

The difference is Ryan offers seniors a guarantee. Clearly that's better than a mere government forecast.

Ryan's "premium support" is modeled after how the Medicare Part D drug benefit currently works. Seniors have a choice, and the competition between drug plans has kept costs below what was predicted — nearly a first for a government program.

The expectation is that the competition among private health plans will help do the same. The shame is that Ryan's proposal for guaranteed premium support wouldn't start until 2022.

The intent is to spare today's seniors and baby boomers entering Medicare from sudden change.

Even without premium support, seniors will fare better between now and 2022 under the Ryan proposal.

By repealing the Obama health law, Ryan's proposal eliminates the Independent Payment Advisory Board.

The Obama health law established IPAB to make further cuts beyond what are specified in the law.

For the first time since Medicare was established in 1965, Congress ceded nearly all control of Medicare spending to this unelected board of cost-cutters. The rationale was to make Medicare budgeting immune from outraged seniors — destining seniors to get substantially less than the cuts already made.

In his speech last week, Obama reiterated that that the knife-wielding IPAB would put Medicare benefits on the chopping block, deciding what care for seniors is "unnecessary" and what "services seniors need."

The President said he won't cut favored programs such as Pell grants for college students and Head Start, but baby boomers and seniors beware.

The debate over Ryan's 2012 budget proposal is not about preserving Medicare as we've always known it.

That is already gone, eviscerated by the Obama health law.

The choice now is about stopping the raid on Medicare's finances and providing a believable guarantee to Americans under age 55 that they will have health care when they retire.

- McCaughey is former Lt. Governor of New York state and author of "The Obama Health Law: What It Says And How To Overturn It."