

AFSCME

Legislative Fact Sheet

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GOP HOUSE LEADERSHIP BUDGET THREATENS MEDICARE AND RETIREE COVERAGE

Medicare is an amazing success story. Thanks to Medicare, older Americans have access to modern medicine no matter what their health status or individual income. For nearly 50 years, it has helped generations of Americans to keep a foothold in the middle class as they age. Because of its guaranteed benefits, seniors and their families are protected from financial ruin due to illness or injury. The peace of mind that Medicare provides would vanish under the FY 2015 budget authored by House Budget Chairman Paul Ryan (R-WI). It radically changes Medicare as we know it. Seniors would have to wait longer before they could enroll. They would pay more for their coverage. It would turn the clock back putting seniors' health at the mercy of private insurance companies.

It is wrong to make seniors wait until they are 67 years old to enroll in Medicare. The GOP House leadership budget would raise the age of eligibility for Medicare to 67. This change would apply to those born in 1959 or later. This is bad for seniors and our health care system. It would put 435,000 seniors at risk of becoming uninsured. It also burdens employer-sponsored health plans. For example, a ban of seniors age 65 and 66 from Medicare today would add \$4.5 billion to employer health care costs. Employers would want to cut back or do away with retiree coverage to avoid these costs. If this went into effect today, all people on Medicare would see their Medicare Part B premiums go up by 3%.

The budget also puts an end to the Affordable Care Act (ACA). Retirees not yet eligible for Medicare would find buying health care insurance on their own very expensive. Many seniors with pre-existing conditions would not be able to buy insurance at any price.

Our national budget should not ask seniors to pay even more for their health care. The House GOP leadership budget replaces traditional Medicare guaranteed benefits and set premiums with a flat payment (voucher) to purchase coverage. Because the flat payment may not fully cover the premium cost, seniors would be on the hook for paying even more. Over time, the payment or voucher is designed to cover less and less of the purchase cost. Seniors would need to pay more for the premium on their own or go without coverage. Seniors would still have out-of-pocket costs and those costs would increase too.

Increased costs would be a substantial burden for most seniors. If you consider current out-of-pocket health expenses and geographic differences in the cost of living, one in seven seniors live in poverty. Medicare beneficiaries already spend three times as much of their budgets on out-of-pocket health expenses compared to non-Medicare households.

We should not cut prescription drug discounts for seniors. Nearly eight million people with Medicare have saved \$10 billion on their medications thanks to the ACA's required prescription drug discounts. Seniors will save more in the future. In 2021, the ACA ends the coverage gap for Medicare prescription drugs – known as the donut hole. The GOP House leadership budget repeals the ACA. Under their budget the gap in prescription drug coverage gets bigger.

The budget would turn back the clock on life-saving screenings. Before the ACA, seniors had to pay part of the cost for recommended preventive screenings. This created a stumbling block for many seniors and they did not get mammograms, bone mass measurement, prostate cancer screenings, colonoscopies or key immunizations. Now these and other preventive services have no deductible or co-payment. In 2013, some 37.2 million people with Medicare used at least one free preventive service. Seniors would again have to pay for these services under the GOP House leadership budget.

The budget would hurt seniors who need long-term care services. Some 3.4 million seniors are covered under both the Medicare and Medicaid programs. Medicare is their primary source of health coverage but Medicaid pays for long-term care services. The FY 2015 GOP House leadership budget would cut federal support for Medicaid by \$732 billion over the first 10 years. These cuts would leave many frail and low-income seniors out in the cold as long-term services would be cut back by states.

Congress should reject the FY 2015 budget authored by House Budget Chairman Ryan. Our nation came together to create Medicare because the private insurance industry could not and would not offer seniors affordable coverage. AFSCME opposes the FY 2015 GOP House leadership budget because it would cut Medicare benefits and delay eligibility for Medicare. It would undercut early retiree coverage. It would hurt the frailest seniors and put all seniors at the mercy of private insurance companies. It would use cuts in Medicare and Medicaid to pay for tax cuts for the wealthiest and corporations. We urge Congress to reject these radical changes to Medicare. We need a budget for our nation's future not a plan to abandon seniors.

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