HOUSE BUDGET THREATENS MEDICARE COVERAGE FOR CURRENT AND FUTURE GENERATIONS

For nearly half a century, families have relied on Medicare for health and financial security. The budget drafted by House Budget Chairman Paul Ryan (R-WI), and approved along party lines by the U.S. House of Representatives, by a vote of 228 to 191, would end Medicare as we know it and burden beneficiaries and their families with significant new health care costs. The budget turns our nation’s priorities upside down, raiding Medicare to give millionaires an average whopping tax cut of $394,000. Presidential candidate Mitt Romney fully embraces the Ryan-Republican changes to Medicare.

Increases the Eligibility Age for Medicare. The budget would increase the age at which Medicare coverage becomes available from age from 65 to 67. Because the budget also repeals the Affordable Care Act (ACA), there would be no health insurance exchanges or federal tax credits to help seniors buy coverage. Because of their age and health status, seniors would face very steep costs to purchase coverage on their own. Increasing the age of eligibility would also shift costs onto states and other employers who provide retirement coverage. If the proposal were implemented in 2014, it would cost employers $4.5 billion for early retiree coverage. These cost increases will drive many employers to reduce retiree coverage.

Ends Medicare’s Guarantee of Benefits and Raises Costs for Seniors. The Ryan-Republican budget plan replaces Medicare’s guarantee of health coverage and set premiums. Instead, future retirees would be given a flat payment, or voucher, that beneficiaries would use to purchase either private health insurance or traditional Medicare. The voucher is designed to lose value over time so that more and more of the cost of coverage (premiums and cost sharing) would be shifted to beneficiaries. Because the median income of Medicare households is about $25,000 a year, and most spend three times as much of their budgets on out-of-pocket health expenses compared to non-Medicare households, many retirees would find that coverage is unaffordable at higher costs.

Increases Seniors’ Prescription Drug Costs. In 2011, nearly 3.6 million Medicare beneficiaries saved more than $2.1 billion on their prescription drugs thanks to the ACA required discounts on brand-name prescription drugs and generics. Because the budget repeals the ACA, seniors and people with disabilities would lose this significant financial help with their prescription drugs. Beneficiaries who have high prescription drug costs would have to pay close to $16,000 more by 2021.

Denying Seniors an Ounce of Prevention. Before the ACA, many seniors did not receive recommended preventive and primary care because Medicare co-pays were financial obstacles. Now, no Medicare beneficiary will have to pay to receive recommended preventive services that will keep them healthier. For example, the law eliminated Medicare co-payments and deductibles for mammograms, bone mass measurements, prostate cancer screenings, cholesterol and cardiovascular disease screenings, colonoscopies and key immunizations. Because the budget repeals the ACA, seniors would be forced to pay for screenings that have been proven to save lives.
**Threatening Retirees’ Coverage.** The budget repeal of the ACA would allow insurance plans to again impose lifetime dollar limits on health benefits. Allowing lifetime limits means that even if you have insurance, your plan may not pay your claims when you are very sick and need coverage the most. While some large employer plans already provided coverage with no limits on lifetime benefits, approximately 70 million people in these plans had lifetime limits before the ACA. Keeping plans from imposing these limits on care is important for all Americans but particularly for early retirees. Because of their age, retirees are at greater risk of catastrophic illnesses and chronic conditions which require costly treatments that, over time, can reach lifetime caps.

**Puts Seniors Who Need Long-Term Care Services at Great Risk.** Nine million low-income seniors and individuals with disabilities are covered under both Medicare and Medicaid programs. While Medicare is their primary source of health coverage, Medicaid is very important for these mostly frailer and sicker beneficiaries who need extensive long-term care services which are not covered by Medicare. Medicaid is the primary funder of long-term care services. The Ryan-Republican budget would put it on the chopping block, slashing Medicaid by $810 billion over the first 10 years. Because the budget would gut federal support for state Medicaid programs by one-third by 2022, funding for nursing home and home- and community-based services would be slashed by states, leaving many frail seniors and individuals with disabilities out in the cold.

**Summary**

Since 1965, those 65 and older have been guaranteed health care coverage through the Medicare program, regardless of their medical condition or income. Our nation pulled together to create Medicare because the private insurance industry could not, and would not, offer affordable coverage to seniors. The House-adopted Ryan-Republican budget would cut, dismantle and privatize this successful public program, and use the savings to pay for tax cuts for the wealthiest and for corporations.

*Department of Federal Government Affairs*

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