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Statement by Medicare Rights Center President Joe Baker on Representative Ryan's House Budget Proposal

New York, NY—Let's be clear, the budget introduced today by Representative Ryan is still a voucher plan that ends the Medicare program as we know it. The budget may include a few new provisions compared to 2011, but the premise is still exactly the same—Medicare beneficiaries (those over 65 and people with disabilities) pay more for health care and the federal government pays a lot less. The proposal replaces Medicare's guaranteed benefits with a "premium support" payment that consumers can use to buy private insurance or, in a new twist, the traditional Original Medicare program. However, there is no guarantee that the subsidy or voucher would match the rate at which health care costs increase. This means that in order to buy adequate coverage, people with Medicare and their families will need to pay more out of pocket.

Representative Ryan claims that Original Medicare will remain a real choice for the present and future generation of Medicare beneficiaries. But this is unlikely. Under this budget proposal, Original Medicare would attract older and sicker beneficiaries and private plans would attract younger and healthier enrollees (a similar scenario exists today between Original Medicare and the Medicare Advantage program made up of private plans). This would eventually cause Original Medicare's premiums to rise for all of its beneficiaries, even those enrolled before premium support takes effect in 2023.

This budget does nothing to address the bad deal that all Americans receive on health care because of inflated costs. It fails to recognize that rising costs in the Medicare program are the result of rising costs in the health care sector overall. In fact, Medicare is more efficient and has a lower per enrollee growth rate than its private counterparts. From 2002 to 2009, Medicare spending grew by 4.6 percent per enrollee compared to private health insurance, which grew by 6.7 percent for similar benefits.

The proposal promises to give the same coverage as members of Congress receive, but members of Congress are in a far better position to be able to afford more expensive health care. The average salary of a member of Congress is over \$170,000 per year, though 60 percent of Senate freshmen and 40 percent of new representatives are worth \$1

million or more. This is in stark contrast to the median income of Medicare households, which is about \$25,000.

Finally, Representative Ryan's budget fails to protect low and moderate income individuals. The Medicaid "block grants" will force states to provide additional funding or cut Medicaid benefits as costs increase. This will deal a financial blow to those on Medicare and their families, who look to Medicaid to help pay for nursing home, home health and other long-term care needs. Medicaid is currently the largest provider of long-term care coverage in the country and the only government program that provides help with long-term care costs, which can be astronomical and financially devastating to Medicare consumers and their families who support them

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Medicare Rights Center is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives.

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