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BUDGET PROPOSAL ERODES MEDICARE

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President Bush proposes reducing spending on Medicare and Medicaid by \$101.5 billion over the next five years. Judith Stein, a leading Medicare advocate says, “President Bush's budget builds on his ongoing efforts to do away with Medicare as uniform health insurance for older and disabled Americans. The Administration seeks to replace it with a fragmented set of private plans. This effort is the product of successful insurance industry lobbying and is based on preferences about how to deliver health coverage, not on a fiscal analysis about what is most cost effective.”

Stein, Executive Director of the Center For Medicare Advocacy, says, “If the budget passes, there will be significant, on-going reductions in reimbursements to health care providers and a cap on all Medicare spending . Furthermore, these budget cuts will snowball into privatized Medicare. It’s a domino effect: this budget will require people of means to pay higher premiums, and although that sounds fair at first glance, we need to keep in mind that they will seek less expensive options in one of Medicare’s ever-increasing number of private plans. These private plans will then bleed the Medicare budget because subsidies to them will cost over \$5 billion over the next five years and will drive the traditional Medicare program to make draconian cuts. In the meantime, people with lower incomes – often those who also have greater health needs – will remain in the traditional Medicare program. And as the infamous Baby Boomers turn 65, Medicare will not be there to cover their health care.

“People forget what it was like before Medicare: 50% of people over 65 had no health insurance at all. Because of Medicare, 93% of older people now have inpatient and outpatient health coverage. Medicare is a successful program whose support and longevity comes, in part, from its universality. If Medicare is broken into hundreds of private options, it will lose its universality, and traditional Medicare will become another poverty program, subject to even bigger budget cuts.

“The facts show that the traditional Medicare program is not only more cost-effective than private insurance, it is also a better means to provide secure, basic health insurance for older and disabled people. At a time when we are beginning to seriously discuss the need for universal health insurance, and many states have taken action, this Administration continues to seek to do away with Medicare, the only universal coverage we have. The privatizing of Medicare spends precious dollars on subsidizing private plans, dollars that would be better spent on health coverage for our aging population within the traditional Medicare program. Instead of breaking up Medicare, policymakers should build on Medicare and consider making it more, not less, available.”