



On Saving Medicare, Democrats Stand as the “Party of No”

Today’s release of the annual Medicare trustees [report](#) paints a stark picture of the entitlement “time bomb” facing American seniors—the trustees project total unfunded liabilities of nearly \$38 trillion, and project that the Hospital Insurance (Part A) Trust Fund will be exhausted in 2017, two years earlier than last year’s estimate. But while President Obama speaks of reforming entitlement programs, the actions of the President and Democrats in Congress have not solved Medicare’s shortfalls—and could increase them.

No to Spending Restraint: President Obama’s budget actually proposed an overall increase in Medicare spending—by failing to find any offsets for increases in physician reimbursement levels that Congress has frequently paid for in the past. Particularly given the program’s unfunded obligations, Members may agree with Senate Budget Committee Chairman Conrad that “It’s very hard for me to understand why the answer is to put more money into the system.”

No to Saving Medicare First: While the President’s budget did propose some reforms to the Medicare program, every penny of these savings—much of which are derived from cuts to Medicare Advantage plans popular with seniors—are re-directed into a “reserve fund” designed to pay for expanded entitlement coverage for younger Americans. Some Members may question both the wisdom and fairness of re-directing money designed to bolster Medicare—including the use of a fund designed specifically “to make improvements under the original Medicare fee-for-service program”—to create new federal entitlements of undetermined cost.

No to Solving the Problem: President Obama’s full budget submission to Congress did not include legislative proposals on how to address Medicare’s funding shortfalls—even though according to the Medicare Modernization Act, the President is required to submit such legislation every year the Medicare trustees have issued a funding warning for the program. Some Members may question the level of the President’s commitment to Medicare reform if he failed to comply with a law designed to accomplish that very purpose.

No to Letting Others Solve the Problem: The first action taken by Speaker Pelosi and the Democrat majority in the 111th Congress was a procedural vote turning off the expedited procedures under which a Medicare reform bill could be considered in the House of Representatives. Some Members may be concerned that the Democrat leadership’s inaction not only does not fix Medicare’s funding shortfalls, it hinders those Members of both parties who wish to make a serious effort at entitlement reform from doing so.

No to Admitting the Scope of the Problem: Although President Obama has paid lip service to the idea of reforming entitlements like Medicare, many Democrats in Congress have made statements indicating that the program does not need changes. Responding to last year’s Medicare trustees report, Ways and Means Health Subcommittee Chairman Pete Stark asserted that “I don’t think it makes any difference what [the trustees] say” and that “Medicare is not in crisis.” Similarly, last July Rep. Alcee Hastings (D-FL) noted that “the perceived problem with Medicare funding has already been addressed.” Given these and other similar statements, some Members may question how high Medicare’s unfunded obligations must rise before Democrats in Congress begin to take them seriously.

While Republicans have offered a [budget alternative](#) that fully resolved Medicare’s long-term funding shortfalls, Democrat proposals for “entitlement reform” have thus far focused around spending over \$1 trillion to create a new government-run health plan. Given this record, and the warning issued by the Medicare trustees today, some Members may therefore believe that Democrats should spend more time solving America’s current health entitlements rather than creating a new entitlement that will cause as many as 120 million Americans to lose their current health coverage.

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