

NEWS



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Statement by Medicare Rights Center President Joe Baker on House Budget Proposal

New York, NY— The math of the proposed House budget, introduced today by Budget Committee Chairman Ryan, is really quite simple—Medicare consumers (those over 65 and people with disabilities) pay more for health care and the federal government pays a lot less. The proposal ends Medicare as we know it today, replacing Medicare’s guaranteed benefits with a “premium support” payment or voucher that consumers can use to buy private insurance. 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.

The budget does nothing to address the root of high Medicare costs—rising costs in the entire health care sector. It wrongly puts the burden of these growing costs square on the backs of Medicare consumers alone, without sharing any of the responsibilities with the pharmaceutical industry, insurance companies or providers. Medicare is not the problem: Medicare spending is growing at a rate that is less than its private

insurance counterparts. Per enrollee spending in private health insurance grew at an average annual rate of 9.3 percent per year in the period between 1970 and 2008, compared to 8.3 percent in Medicare.

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 Medicare population: nearly half of Medicare consumers have household incomes of \$20,000 or less per year. Things will not change drastically for most of the next generation of Medicare consumers, half of whom are projected to have income below about \$26,400 per year, according to the Kaiser Family Foundation.

Finally, the proposal cuts Medicaid financing through “block grants” to states, basically capping the federal share and forcing the states to provide additional funding or cut 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. Millions of people with Medicare rely on Medicaid to help pay out-of-pocket costs associated with Medicare, and Medicaid is currently 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.

To help Medicare consumers and others better understand what Medicare and Medicaid mean for the people with Medicare, the Medicare Rights Center released [“Painting a Grim Picture: Deficit-Reduction Proposals that Hurt People with Medicare,”](#) which provides a snapshot of the demographics of the Medicare population, some of the more alarming deficit reduction proposals, and how these proposals would raise costs for consumers. In addition, the Medicare Rights Center today released [“Medicare and Medicaid: Essential Partners for Older Americans and People with Disabilities,”](#) which depicts through client stories the essential role that Medicaid plays for older Americans and people with disabilities.

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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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