

Congress of the United States
House of Representatives

Legislative Advisory

To: Michigan's First Congressional District
From: Rep. Dan Benishek
U.S. House of Representatives
Date: 6/1/2011
Re: Ryan Budget Plan

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I. Medicare Reform and Myths Exposed

Ryan Plan Reforms

1. Saves Medicare for current and future generations while making no changes for those in and near retirement. For younger workers, when they reach eligibility, Medicare will provide a Medicare payment and a list of guaranteed coverage options from which recipients can choose a plan that best suits their needs. These future Medicare beneficiaries will be able to choose a plan the same way members of Congress do. Medicare will provide additional assistance for lower-income beneficiaries and those with greater health risks.
2. Ensures that the cost of frivolous litigation is not passed on to consumers in the form of higher health-care premiums by capping non-economic damages in medical liability lawsuits.
3. Stops the raid on the Medicare trust fund that was going to be used to pay for the new health care law. Any current-law Medicare savings must go to saving Medicare, not financing the creation of new open-ended health-care entitlements.
4. Fixes the Medicare physician payment formula for the next ten years so that Medicare beneficiaries continue to have access to health care.

(Source: House of Representatives Committee on the Budget)

Myths

MYTH: "[The House Republican budget is] a vision that says America can't afford to keep the promise we've made to care for our seniors."

REALITY: The President's commitment to the status quo will end Medicare, period. According to the non-partisan CBO, Medicare will go bankrupt in nine short years. The President announced in his speech that he would rely on strict limitations on how much care seniors could receive in order to achieve savings. Contrary to the President's opinion, CBO does not believe this would result in lower costs. Current seniors would receive less care through Medicare against a backdrop of relentlessly rising health care costs.

This stands in sharp contrast to the House Republican Budget, which gives seniors the tools to fight back against rising costs by empowering them in a personalized Medicare program, giving future generations the same kinds of health care choices members of Congress now enjoy.

MYTH: "It says that ten years from now, if you're a 65 year old who's eligible for Medicare, you should have to pay nearly \$6,400 more than you would today."

REALITY: This is a false comparison based on a false reality. As mentioned above, the CBO reports that Medicare's trust fund will become insolvent in nine years unless we act. This would necessitate harsh restrictions on seniors' access to care – the kind of restrictions that the President himself alluded to later in his speech. The President is taking CBO numbers out of context and omitting the CBO's clear warnings about Medicare's impending bankruptcy.

That's why comparing a Republican plan that saves Medicare to an unsustainable status quo means comparing a real solution with a false reality. The Medicare program as it exists today cannot exist in the future. The real choice is this: Do we act now to protect the program for current seniors while building a strengthened Medicare for future generations? Or do we restrict access to care for current and future seniors, as the President has proposed, while ignoring our crushing burden of debt until it becomes a fiscal crisis?

MYTH: "It says instead of guaranteed health care, you will get a voucher."

REALITY: The changes in the House Republican budget will not affect those in and near retirement in any way. When younger workers become eligible for Medicare, they will be able to choose the kind of plan that best suits their needs from a list of Medicare plans that are guaranteed to offer coverage to all beneficiaries regardless of pre-existing conditions. Medicare would then provide a payment to subsidize the cost of the plan. This is not a voucher – it is a payment that flows through to whatever plan recipients choose.

MYTH: "And if that voucher isn't worth enough to buy insurance, tough luck – you're on your own."

REALITY: Under the House Republican Budget, Medicare will provide increased assistance for lower-income beneficiaries and those with greater health risks, guaranteeing that Medicare will be there for those who need it most. Wealthy seniors will receive less assistance, and the Medicare benefit will grow every year, while using competition to lower costs and make health care for seniors more affordable.

Note: This legislative advisory has been produced by a member of Congressman Dan Benishek's Legislative Staff. This information is derived from a wide variety of sources and intended solely to provide data to interested constituents of Michigan's First Congressional District. The material contained herein should not be construed as reflecting the opinion, position or views of Rep. Dan Benishek himself unless the content is directly attributed to him with quotation marks. Please feel free to distribute to interested parties.

MYTH: “Put simply, it ends Medicare as we know it.”

REALITY: The President’s plan—a commitment to the status quo—condemns Medicare to a bankrupt future. The greatest threat to the health security of America’s seniors is the President’s plan to deeply and systematically ration Medicare.

(Source: *PAUL RYAN SETS THE RECORD STRAIGHT* By House Budget Committee Chairman Paul Ryan)

“To summarize, Ryan’s budget plan would make crucial reforms to federal health care programs, and it would limit the size of the federal government over the long term. However, his plan would be improved by adopting more cuts and eliminations of agencies in short term...”

-- Chris Edwards, CATO

II. Social Security via the Ryan Plan

1. Forces policymakers to come to the table and enact common-sense reforms to keep the program solvent for current beneficiaries and make it stronger for future generations. Social Security must be reformed to prevent severe cuts in future benefits.
2. Sets in motion the process of reforming Social Security by establishing a requirement that in the event that the Social Security program is not sustainable, the President, in conjunction with the Board of Trustees, must submit a plan for restoring balance to the fund. The budget then requires congressional leaders in both the U.S. House of Representatives and U.S. Senate to put forward their best ideas as well.
3. Moves the conversation to solutions that save Social Security, thus providing the space to forge a bipartisan path forward and ensure that Social Security remains a key part of retirement security for the future. (Source: House of Representatives Committee on the Budget)

III. Medicaid Reform: Empowering States

1. Secures the Medicaid benefit by converting the federal share of Medicaid spending into a block grant tailored to meet each state’s needs, indexed for inflation and population growth. This reform ends the misguided one-size-fits-all approach that has tied the hands of so many state governments. States will no longer be shackled by federally determined program requirements and enrollment criteria. Instead, they will have the freedom and flexibility to tailor a Medicaid program that fits the needs of their unique populations.
2. Improves the health-care safety net for low-income Americans by giving states the ability to offer their Medicaid populations more options and better access to care. Medicaid recipients, like all Americans, deserve to choose their own doctors and make their own health care decisions, instead of having Washington dictate those decisions for them.
3. Saves \$750 billion over ten years, contributing to the long-term stabilization of the federal government’s fiscal path and encouraging fiscal responsibility at the state level.

(Source: House of Representatives Committee on the Budget)

“This is a great plan. And it’s one that Americans, weary of the Big Government meddling of recent years, are ready to embrace. The only question is: Can Democrats muster the political wisdom and courage to support something from the opposition that would work?”

-- Investor’s Business Daily editorial board

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Myths

MTYH: “This is a vision that says up to 50 million Americans have to lose their health insurance in order for us to reduce the deficit.”

REALITY: Republicans have a vision for patient-centered health-care that requires the removal of the partisan roadblock to reform that the President and his party’s leaders enacted last year. Our budget repeals the government takeover of health care to make way for reforms that will make health insurance more affordable and accessible for Americans.

Contrary to the President’s false claims that the House Republicans’ Medicaid reform plan would leave millions without coverage, Medicaid spending grows every year under our budget. The Medicaid program is already failing those who need it most, because excessive federal mandates have made it so that the only way for states to control costs in the current system is to lower doctor reimbursement rates. This is why so many doctors refuse to see Medicaid patients. States need to be able to tailor their Medicaid programs to the needs of their unique populations. Our reforms help them create better programs. The President’s approach is just to throw more money at a broken system.

(Source: *PAUL RYAN SETS THE RECORD STRAIGHT* By House Budget Committee Chairman Paul Ryan)

The House budget proposal is commendable because it addresses the real problem: the structure of the entitlement programs. Under this plan, there is a vision of small, contained government that supports rapid economic growth, is fair to future generations, and restores America’s exceptionalism.

-- Douglas Holtz-Eakin, former Chief Economist, Council of Economic Advisors

IV. The Ryan Plan’s Impact on Deficits

Simply put, America has two budgets to choose from: Ryan’s plan, which balances the budget and the Administration’s, which does not. Ryan’s budget immediately reduces our record deficit by 1/3 in the first year, and eventually brings spending to 2008 levels (pre-bailout/stimulus spending). Overall, Ryan’s plan spends \$4.4 trillion less than the President’s, eventually paying off our national debt completely.

Ryan’s budget accomplishes this without raising taxes. We have deficits because the federal government spends too much, not because Americans are taxed too little. In fact, according to the Office of Management and Budget, when tax cuts were implemented in 2003, the amount of revenue collected by the government increased by more than \$700 billion over 5 years, and the deficit decreased.

And this is only the most recent example. When Ronald Reagan lowered tax rates in the 1980s, the economy grew 3.2% each year, and revenue increased by 20%. History has shown that tax relief spurs economic growth, allows hardworking individuals and families to keep more of what they earn and increases government revenue.

(Source: *Path to Prosperity Charges & Responses* House Republican Conference)

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“The budget released this morning by House Budget Committee Chairman Paul Ryan is a serious, honest, straightforward approach to addressing our nation’s enormous fiscal challenges.”

-- Erskine Bowles and former Sen. Alan Simpson

V. Economy/Jobs

The Ryan budget stimulates the economy by lowering taxes and stopping job-killing federal spending. By lowering tax rates for individuals and businesses, Ryan’s plan encourages growth and job creation.

Too much federal spending has bad economic consequences—higher cost of living, higher interest rates, and higher taxes. The President spent a lot of money on the stimulus and bailouts in an attempt to create jobs. It didn’t work. Unemployment has been over 8% for over two years. Our businesses need confidence to invest money, not the uncertainty that comes with reckless spending and the threat of higher taxes.

According to analysis by the Heritage Center for Data Analysis, Ryan’s budget will create nearly 1 million new private-sector jobs next year, bring the unemployment rate down to 4 percent by 2015, and will result in 2.5 million additional private-sector jobs in the last year of the decade.

(Source: Path to Prosperity Charges & Responses House Republican Conference)

“Chairman Ryan’s budget seeks to reform how government works so that it can provide better services at a better value. This is the same idea behind The Jobs Budget here in Ohio, and I hope folks in Washington give his budget the careful consideration it deserves so we can begin reducing the deficit and creating jobs.”

-- Ohio Governor John Kasich

VI. Taxes

Ryan’s budget ends loopholes and complicated deductions that are often used by wealthy individuals and corporations. Further it would use new revenue for an overhaul of the tax code that repeals special tax breaks and deductions mainly used by the richest individuals and companies, as well as repealing new taxes mandated by the new health care law.

There has been concern that Ryan’s plan continues tax cuts for companies that didn’t even pay taxes last year. The reason these companies were able to avoid paying taxes is because Congress has filled our overcomplicated tax system with special deductions and loopholes that allow the biggest corporations to hire the best lawyers and accountants to find a way around paying taxes. Clearly, these companies have avoided paying taxes because of these loopholes, not because the corporate tax rate is too low. Ryan’s plan eliminates these loopholes and lowers the overall corporate tax rate, finally putting American business on an even playing field with the rest of the world. The math is simple: closing loopholes means more revenue, more revenue means lower taxes for individuals and corporations meaning there is more money for businesses to reinvest and create jobs.

(Source: Path to Prosperity Charges & Responses House Republican Conference)

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VII. The Choice of Two Futures

The current path – which the President’s irresponsible budget commits us to – will result in a debt-fueled economic crisis, the shredding of the safety net, and a diminished future. Americans deserve better than empty promises from a government going broke. The budget advanced by the House Budget Committee ensures real security through real reform. The House Budget Committee’s FY2012 Budget Resolution helps spur job creation today, stops spending money the government doesn’t have, and lifts the crushing burden of debt. This plan puts the budget on the path to balance and the economy on the path to prosperity.

ECONOMIC GROWTH AND JOB CREATION: Fosters a better environment for private-sector job creation by lifting debt-fueled uncertainty and advancing pro-growth tax reforms.

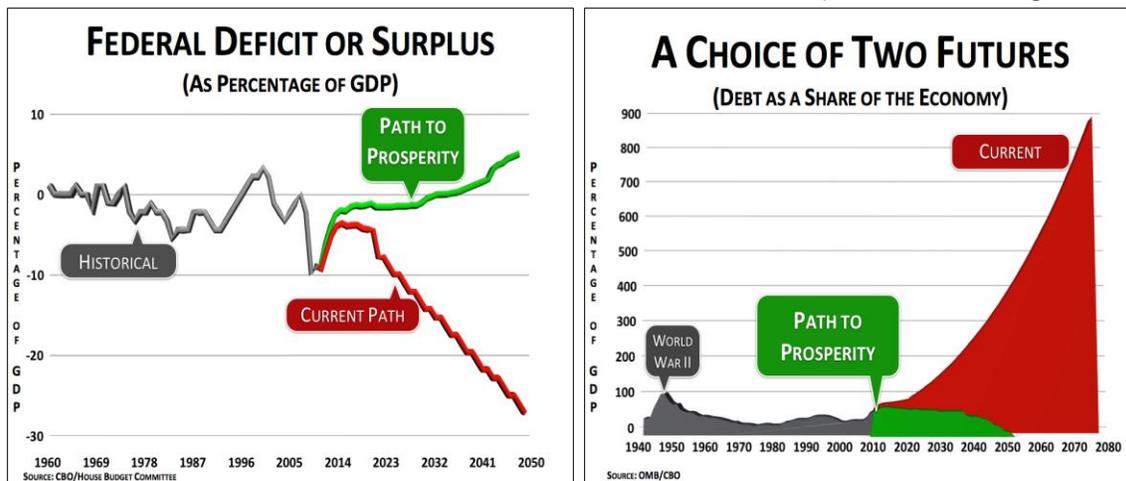
SPENDING CUTS AND CONTROLS: Stops Washington from spending money it does not have on government programs that do not work. Locks in spending cuts with spending controls.

REAL SECURITY: Fulfills the mission of health and retirement security for all Americans by making the tough decisions necessary to save critical health and retirement programs.

PATIENT-CENTERED HEALTH CARE: Repeals and defunds the President’s health care law, advancing instead common-sense solutions focused on lowering costs, expanding access and protecting the doctor-patient relationship.

RESTORING AMERICA’S EXCEPTIONAL PROMISE: Tackles the existential threat posed by rapidly growing government and debt, applying the nation’s timeless principles to this generation’s greatest challenge. Ensures that the next generation inherits a stronger, more prosperous America.

(Source: House Budget Committee)



...this choice of two futures -- is: do you want an opportunity society with a safety net -- or -- do you want to switch over to this cradle-to-grave welfare state, where he have a culture of dependency, slow growth, lower livings standards, and less prosperity? That is the choice before us.

-- Representative Paul Ryan

A CONTRAST IN BUDGETS

	<i>The Path to Prosperity</i>	President's FY2012 Budget
Spending Cuts	\$6.2 trillion in spending cuts relative to President's budget; \$5.8 trillion in spending cuts relative to CBO's current-policy baseline	\$400 billion in new spending above CBO's current-policy baseline
Spending Levels	Brings non-security discretionary spending to below pre-stimulus, pre- bailout levels	Locks in reckless spending spree
Taxes	Stops all of President's taxes; Reforms the broken tax code	Imposes a \$1.5 trillion tax increase
Corporate Tax	Lowers the corporate tax rate to 25 percent to promote job creation and global competitiveness	Leaves in place the highest corporate tax rate in the developed world, driving jobs overseas
Size of Government	Brings government down to below 20 percent of GDP by 2015; 15 percent of GDP in 2050	Spending as a percent of GDP never drops below 23 percent; Commits to the explosive growth of government
Deficit	Brings deficits under \$1 trillion in FY2012; Reduces deficits \$4.4 trillion relative to President's budget; Puts the budget on a path to balance	\$1.2 trillion deficit in FY2012 marks the fourth straight deficit exceeding the \$1 trillion mark
Primary Balance	Primary balance (spending – interest payments = revenue) is reached in 2015	Never reaches primary balance – failing to clear even the low bar the administration set for itself
Debt Held by Public	Reduces the debt by \$4.7 trillion relative to the President's budget; Pays off the debt over time	Adds \$9.1 trillion to the debt over the next decade; Accelerates a debt-fueled economic crisis
Health Care	Repeals the job-destroying health care law	Accelerates the job-destroying health care law
Jobs	Spurs economic growth and job creation through real reform; According to the Heritage Center for Data Analysis, help creates nearly 1 million new private- sector jobs next year	Accelerates tax hikes, health care law, debt and government spending – policies that result in slower economic growth and fewer American jobs