

Gang of Six Proposes Cutting Spending on Federal Health Programs By \$200 Billion. How? They'll Let You Know When They Figure It Out

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July 20, 2011

Yesterday, the so-called Gang of Six—a cadre of Republican and Democratic Senators working independently from the administration and Congressional leadership—released a proposal to reduce the projected federal deficit by \$3.7 trillion over the next decade. According to The Washington Post, it "requires lawmakers in the coming months to cut agency spending, overhaul Social Security and Medicare, and rewrite the tax code to generate more than \$1 trillion in fresh revenue." It's so...so...bipartisan. But maybe not in an entirely good way.

In a nice overview of the plan, Cato's Dan Mitchell points out that, as usual, the headline deficit reduction figures don't represent real reductions from current spending levels; instead, they're cuts from projected growth. There are a few things to like about the plan, however, including its reduction of both the top personal and corporate tax rates and its obliteration of the CLASS Act.

But many of the particulars are still vague, especially when it comes to health care. Despite what the Post suggests, there is no major overhaul of Medicare. The plan calls for \$200 billion in overall health care savings, but from where? We don't yet know. As Politico's morning health policy report cautions, "the details are slim on just where the savings from Medicare and Medicaid will come from." We don't even know exactly how the cutbacks would be divided between the two health care programs, meaning one of the programs could end up shouldering a significantly larger share of the cuts than the other.

So far, then, bipartisan agreement on the plan has only held together because of the lack of specificity behind it. But how long can that last? Whatever cuts are proposed are sure to be controversial. Progressive activists and House Democrats have already made it clear they're not interested in scaling back either of the big federal health programs—Medicare in particular—and they'll oppose most any cuts that get recommended. Meanwhile, as **National Center for Policy Analysis Center President John Goodman** points out, the most likely cuts to be identified are provider payment reductions, which are both historically tough to maintain and represent a further entrenchment of the federal government's long, not particularly successful history of attempts to set and control prices in the health care system.