



Mediscare

By: John C. Goodman

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Within minutes of the announcement that Paul Ryan would be Mitt Romney's running mate, the Democratic attack machine shifted into high gear.

"Paul Ryan will destroy Medicare as we know it," claimed the ads. "So will Mitt Romney." Be afraid. Be very afraid.

But isn't ObamaCare what seniors should really be scared of? Yes, indeed. And to hide that fact, the Obama forces are telling five big lies.

Lie Number One: Health Reform Is Good For Seniors.

Millions of taxpayer dollars (that's our dollars) have been spent on [Andy Griffith television ads](#) and other advertisements trying to convince seniors that they are big winners under health reform. If the Federal Trade Commission (FTC) could claim jurisdiction over these ads, a lot of Obama administration folks would be headed for the hoosegow.

In fact, 40% of the cost of giving subsidized insurance to young people is being paid for by reduced spending on the elderly and the disabled. For the next 10 years, the spending reduction totals \$716 billion. That's no small change.

The Obama ads and the White House television talking points stress new benefits for seniors: a free annual wellness exam and the eventual closing of the "donut hole" for drug coverage. What they conceal is that for every \$1 spent on new benefits, seniors will lose \$9 in other spending — which gives a whole new meaning to the term "bait and switch."

Consider people reaching the age of 65 this year. Under ObamaCare, the average amount spent on these enrollees over the remainder of their lives will fall by about [\\$36,000 at today's prices](#). That sum of money is equivalent to about three years of benefits. For 55 year olds, the spending decrease is about \$62,000 — or the equivalent of six years of benefits. For 45 year olds, the loss is more than \$105,000, or nine years of benefits.

In terms of the sheer dollars involved, the planned reduction in future Medicare payments is the equivalent of raising the eligibility age for Medicare to age 68 for today's 65 year olds, to age 71 for 55 year olds and to age 74 for 45 year olds. But rather than keep the system as is and raise the age of eligibility, the reform law instead tries to achieve equivalent savings by paying less to the providers of care.

Lie Number Two: Seniors Will Not Lose Any Medicare Benefits.

To begin with, one in four Medicare beneficiaries is in a Medicare Advantage plan. These plans may be overpaid by Medicare, but they are required to "spend" their overpayments on extra benefits for the enrollees. These include extra drug coverage, dental benefits, etc. Over the next 10 years, ObamaCare will reduce spending on these plans by \$156 billion and this reduction will inevitably lead to a loss of benefits. The remainder of the cuts in Medicare spending will mainly be in the form of reduced payments to providers. Although *promised benefits* won't change under orthodox Medicare, in the very act of reducing provider fees, health reform will cause seniors to get *less care*. So while the White House claim that beneficiaries will not lose benefits may not be technically a lie, surely the FTC would pounce on a private company if it said the same things.

Remember: lower payment to providers means less access and less access means less care. One [study](#) of the Children's Health Insurance Program (CHIP) found that simply enrolling children in CHIP did not result in more health care. That is, they had the same number of doctor visits, etc. However, increasing the fees CHIP pays to doctors does result in more care. And presumably the converse is true as well.

According to the Medicare Office of the Actuary's [memorandum](#), in about two years, Medicare payments to doctors will fall below Medicaid rates and will fall further and further behind Medicaid with each passing year. Medicare payments to hospitals will basically match the Medicaid rate, indefinitely into the future. What will this mean? Seniors will be lined up behind welfare mothers in the attempt to find doctors who will see them and institutions that will admit them. As Harvard University health economist Joe Newhouse has [explained](#), seniors will likely have to seek care at community health centers and safety net hospitals. As the Medicare Office of the Actuary has [explained](#), in a few short years, hospitals will begin closing and senior citizens will have increasing difficulty obtaining access to care.

Lie Number Three: Health Reform Has Made Medicare More Solvent.

Remember, all the health reform act does is pay doctors and hospitals less money. On paper this makes the Medicare trust fund appear to last longer because its expected expenses go down. But if you think this is a legitimate way to make Medicare more solvent, why not be even more aggressive? We could wipe out Medicare's \$43 trillion unfunded liability entirely if we reduce doctor and hospital fees all the way to zero!

The problem is: seniors would not be able to find a doctor who would see them or a hospital that would admit them.

Lie Number Four: ObamaCare Is Fully Paid For.

The White House claims that ObamaCare makes a small profit — that is, that it actually reduces the deficit.

Yet last Sunday on ABC's This Week, Cokie Roberts baldly asserted that the (ObamaCare) cuts in Medicare spending will never happen. In fact she asserted this with such an air of inside-the-Beltway authority that none of the other talking heads on the program dared to challenge her. She may be right.

We've already been through this exercise with a piece of Republican legislation — the 1996 budget act. The Republicans decided to balance the budget, in part, by slowing in the growth of Medicare doctors' fees. However, in the following years, Congress repeatedly [stepped in at the last minute](#) to delay the reductions. The next point of reckoning will come in January, 2013, when a 10-year "doctor fix" will require about [\\$271 billion](#).

Think about that for a moment. Republicans and Democrats together have promised various constituencies almost \$1 trillion in benefits — to be paid for by taking \$1 trillion away from Medicare providers over the next 10 years. Yet, like Cokie Roberts, no one in Washington thinks that Congress will stick to the bargain.

If it doesn't, that means that ObamaCare was never really paid for, that it will create a new entitlement that will add hundreds of billions of dollars to the deficit, and that nothing has happened to make Medicare more solvent.

By the way, neither the Congressional Budget Office nor the Office of the Medicare Actuaries thinks the cuts are sustainable. That's why both agencies have put out "["alternative" projections](#)" of Medicare finances for future years — which is Washington's way of telling Congress, "We don't believe you."

Lie Number Five: Health Reform Is Going to Make Medicare More Efficient.

An alternative to cutting provider fees is to slow the growth of Medicare by making the whole system more cost effective.

The goal here really isn't a partisan issue. The Obama administration has continued a number of the pilot programs and demonstration projects started under the Bush administration. These are designed to find ways of making Medicare less costly through pay-for-performance, coordinated care, managed care, home-based care, electronic medical records, etc. The Congressional Budget Office has looked at these efforts on [three separate occasions](#) and each time has concluded that they are not working or, in the few cases where there are positive signs, the performance is lackluster.

In the absence of such efficiencies, the law basically mandates a reduction in provider fees.