

# THE BIG FAIL

AN EXAMINATION OF THE FAILED OBAMA RECORD



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## A Plan To Do Nothing

*Obama's Failure To Put Forward A Plan For Medicare Will Leave Americans Facing Grim Choices In 2024*

### BY THE NUMBERS: OBAMA'S "ACHIEVEMENT" FOR MEDICARE

- \$932 Billion:** Projected Cost Of Medicare In 2020 Under Obama's Plan. ([Testimony Before The House Committee On The Budget](#), 7/13/11)
- \$716 Billion:** Amount Of Medicare Cuts In ObamaCare. ([Letter From Congressional Budget Office To Speaker John Boehner](#), 7/24/12)
- \$27.7 Billion:** Assets From Medicare's Trust Fund Required To Cover Deficit In 2011. ([Social Security & Medicare Trustees Report](#), 4/23/12)
- 62,900:** Shortage Of Doctors By 2015 Due To ObamaCare. ([The New York Times](#), 7/28/12)
- 2024:** Date By Which The Medicare Trust Fund Will Be Exhausted. ([Social Security & Medicare Trustees Report](#), 4/23/12)
- 87%:** Amount Of Expenditures Medicare's Trust Fund Will Be Able To Cover After Exhaustion. ([Social Security & Medicare Trustees Report](#), 4/23/12)
- 47%:** Increase In Taxes That Might Have To Result In The Event of Inaction On Medicare. ([Social Security & Medicare Trustees Report](#), 4/23/12)
- 26%:** Cut In Medicare Benefits That Might Have To Result In The Event Of Inaction. ([Social Security & Medicare Trustees Report](#), 4/23/12)
- 14%:** Seniors That Believe They Can Retire Comfortably. ([Reuters](#), 5/15/12)
- 2.3:1:** Projected Ratio Of Workers To Medicare Beneficiary In 2030 In The Event Of Inaction. ([Testimony Before The House Committee On The Budget](#), 7/13/11)

### THE COST OF OBAMA'S INACTION WILL REQUIRE PAINFUL SACRIFICES FROM SENIORS AND FUTURE GENERATIONS OF AMERICANS

Obama Said If We Don't Fix Medicare "We'll Either Have To Cut Medicare, In Which Case Seniors Then Will Bear The Brunt Of It, Or We'll Have To Raise Taxes, Which Nobody Likes." OBAMA: "So here's what's going to happen if we don't change the delivery systems and change some of the incentives

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-- we'll have a choice. We'll either have to cut Medicare, in which case seniors then will bear the brunt of it, or we'll have to raise taxes, which nobody likes." (President Barack Obama, [Remarks At A Town Hall On Health Care](#), Grand Junction, CO, 8/15/09)

- **The Trustees Of Social Security And Medicare Predict That Medicare's Trust Fund Will Be Exhausted In 2024.** "The estimated exhaustion date for the HI trust fund remains at 2024, the same year shown in last year's report. As in past years, the Trustees have determined that the fund is not adequately financed over the next 10 years." ("2012 Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds," [The Boards Of Trustees, Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds](#), 4/23/12)
- **In 2024 When The Trust Fund Is Exhausted, Medicare's Tax Income Will Only Be Able To Cover 87 Percent Of Its Expenditures.** "Under current law, scheduled HI tax income would cover only 87 percent of estimated expenditures in 2024 and 67 percent in 2050." ("2012 Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds," [The Boards Of Trustees, Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds](#), 4/23/12)
- **The Medicare Trustees Report Notes That Doing Nothing To Fix Medicare Will Result In Either An Immediate 26 Percent Cut In Medicare Benefits Or A 47 Percent Increase In Taxes.** "Lawmakers could address the long-range financial imbalance in several different ways. In theory, they could immediately increase the standard 2.90-percent payroll tax by the amount of the actuarial deficit to 4.25 percent, or they could reduce expenditures by a corresponding amount. Note, however, that these changes would require an immediate 47-percent increase in the standard tax rate or an immediate 26-percent reduction in expenditures." ("2012 Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds," [The Boards Of Trustees, Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds](#), 4/23/12)

***No Matter Which Way Obama Spins It, Medicare Is On The Road To Fiscal Disaster***

**"Actual Medicare Expenditures Are Likely To Exceed The Projections Shown In The 2012 Trustees Report For Current Law, Possibly By Considerable Amounts."** "The productivity adjustments will affect other Medicare price levels much more gradually, but a strong likelihood exists that, without very substantial and transformational changes in health care practices, payment rates would become inadequate in the long range. As a result, actual Medicare expenditures are likely to exceed the projections shown in the 2012 Trustees Report for current law, possibly by considerable amounts." (Office Of The Actuary, "Project Medicare Expenditures Under Illustrative Scenarios With Alternative Payment Updates To Medicare Providers," [Centers For Medicare And Medicaid Services](#), 5/18/12)

- **Medicare Expenditures Are Increasing Faster Than GDP.** "In 2010, total Medicare expenditures were \$523 billion or about 3.6 percent of gross domestic product (GDP). Under current law and based on the Trustees' intermediate set of economic and demographic assumptions, costs in 2020 would be \$932 billion or 4.0 percent of GDP. Total Medicare expenditures would continue to increase somewhat faster than GDP in the long range, reaching 6.2 percent at the end of the 75-year projection period." (Richard S. Foster, [Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives, 7/13/11)
- **In 2011, Medicare Required \$27.7 Billion In Assets From The Trust Fund To Meet Its Obligations.** "HI expenditures have exceeded income annually since 2008, and projected amounts continue doing so through the short-range period until the fund becomes exhausted in 2024. In 2011, \$27.7 billion in trust fund assets were redeemed to cover the shortfall of income relative to expenditures, and \$12.0 billion in interest payments were made from the general fund of the Treasury to the HI trust fund." ("2012 Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance And Federal

Supplementary Medical Insurance Trust Funds," [The Boards Of Trustees, Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds](#), 4/23/12)

### ***ObamaCare Only Exacerbates The Problem***

**Obama Deputy Campaign Manager Stephanie Cutter Bragged About ObamaCare's Cuts To Medicare.** CUTTER: "Well, you know ask the wealthy to pay a little bit more. Cut waste from the government. Reform Medicare. More than \$300 billion in savings from Medicare. On top of the savings we've already achieved. You know I heard Mitt Romney deride the \$700 billion cuts in Medicare that the president achieved through health care reform." (CBS' ["Face The Nation,"](#) 8/12/12)

**Medicare Actuary Richard Foster On ObamaCare's Medicare Cuts: "It's Pretty Hard To Imagine That They Could Be Sustainable."** FOSTER: "And the figures you quoted were correct. And that assumes that again, the private health insurance can't do something comparable to these mandated reductions in growth rates that are part of current law now for Medicare. In looking at those, it's pretty hard to imagine that they could be sustainable, because when you think about it, the providers have to pay certain input cost increases. They have to pay somewhat more next year than they do this year. They have to pay higher energy costs. They have medical supplies. They have rent or leases that go up." (Richard S. Foster, [Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives, 7/13/11)

- **Foster: "There Is A Lot Of Evidence That Suggests Some Of These Payment Provisions Will Not Be Sustainable In The Long Range."** FOSTER: "But there is a lot of evidence that suggests some of these payment provisions will not be sustainable in the long range." (Richard S. Foster, [Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives, 7/13/11)
- **Foster: "The Productivity Adjustments Under The Affordable Care Act Could Well Lead To A Situation Where Medicare Payment Rates Are Just Inadequate So That They May Not Be Viable In The Long Range."** FOSTER: "Also, as I testified before your committee in January, the productivity adjustments under the Affordable Care Act could well lead to a situation where Medicare payment rates are just inadequate so that they may not be viable in the long range. If, in fact, these features do not prove to be viable, then the actual cost for Medicare will be much higher than projected under current law." (Richard S. Foster, [Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives, 7/13/11)

**CBO: ObamaCare's Medicare Policies Could "Be Difficult To Sustain Over" The Long Term.** "Beyond the initial 10-year span, CBO assumed that three Medicare policies that might be difficult to sustain over a long period—further reductions in payment updates for most providers in the fee-for-service program, the sustainable growth rate mechanism for payment rates for physicians, and the IPAB—would not continue past 2021. Without those policies in place, CBO expects that excess cost growth will follow the path of underlying excess cost growth described above. As a result, excess cost growth for Medicare averages 1.3 percentage points between 2022 and 2085. Projections of the number of Medicare beneficiaries are the same as those under the extended-baseline scenario." (Congressional Budget Office, ["The Long-Term Budget Outlook,"](#) June 2011, p. 45)

### ***Obama Has Yet To Present A Plan That Would Fix Medicare***

**"When It Comes To Deficit Reduction And Entitlement Reform, President Barack Obama Has Been A Master Of Mixed Signals."** (Carol Budoff Brown, Glenn Thrush and David Nather, "Showtime For President Ambivalent About Deficit," [Politico](#), 4/12/11)

**Obama Doesn't Have A Plan To Control The Nation's Entitlement Programs In The Long-Term.** "However, he isn't proposing the structural changes that experts say are needed to control spending in

these programs over the long term. For instance, Mr. Obama won't suggest raising the Medicare eligibility age, as he was willing to do over the summer during bipartisan budget negotiations that failed to produce a deal. He also doesn't plan to propose changes to Social Security." (Laura Meckler, "Budget Plan Has Familiar Ring," [The Wall Street Journal](#), 2/7/12)

- **Obama's Budget "Serves As A Political Document" Rather Than A Plan.** "None of Mr. Obama's major proposals are expected to become law before November's elections, given both partisan divides in Congress over priorities as well as election-year politics. Still, the budget proposal serves as a political document in which Mr. Obama will set out his vision for how he would manage government taxes and spending should he win a second term." (Laura Meckler, "Budget Plan Has Familiar Ring," [The Wall Street Journal](#), 2/7/12)

**"Obama Has Long Resisted The 'Entitlement Reform' Movement."** Obama has long resisted the 'entitlement reform' movement, which is currently focused on establishing a blue-ribbon commission that would present Congress with a finished proposal -- presumably calling for steep cuts in the nation's bedrock social safety programs -- for an up-or-down vote. (Dan Froomkin, "Obama's Sense Of Entitlements," [The Washington Post](#), 2/20/09)

- **USA Today: Obama's Failure To Tackle Entitlement Programs Was "Irresponsible."** "That's mostly because Obama failed to take on the entitlement programs, by far the biggest drivers of future spending. Thanks to a weak economy, Baby Boomer retirees and payroll tax cuts, Social Security is already running in the red. Congressional Budget Office projections show it will add a half trillion dollars to the debt over the next decade, making Obama's refusal to tackle it now irresponsible." (Editorial, "Editorial: Politics Takes Priority In Obama's Deficit Plan," [USA Today](#), 9/19/11)

**Treasury Secretary Timothy Geithner Admitted The Administration Doesn't Have "A Definitive Solution" To The Long-Term Problems Posed By Our Entitlement Programs.** REP. PAUL RYAN: "Because we got 10,000 people retiring every day, and healthcare costs going up..." TREASURY SECRETARY TIMOTHY GEITHNER: "That's right. We have millions of Americans retiring every day, and that will drive substantially the rate of growth of healthcare costs. You are right to say we're not coming before you today to say we have a definitive solution to that long-term problem. What we do know is, we don't like yours." ([Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives, 2/16/12)