August 15, 2012

"Mark My Words … It Is Going Broke"

Three Years Ago Obama Warned That Medicare Will Go Broke, Three Years Later All He Has Done Is Make The Problem Worse

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ON THIS DAY IN 2009, OBAMA WARNED AMERICANS THAT IF WE DID NOTHING, MEDICARE WOULD GO BROKE

Click To Watch Obama Acknowledge Medicare Is Going Broke

August 15, 2009: Obama Said "Mark My Words – If We Do Nothing, At Some Point Medicare In About Eight To Nine Years Goes Into The Red. Somebody Mentioned It's Going Broke – Yes, It Is Going Broke." OBAMA: "And what's going to end up happening is -- mark my words -- if we do nothing, at some point Medicare in about eight to nine years goes into the red. Somebody mentioned it's going broke -- yes, it is going broke." (President Barack Obama, Remarks At A Town Hall On Health Care, Grand Junction, CO, 8/15/09)

Three Years Later, Medicare Is Still On The Fast Track To Insolvency

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

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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)

- **If Savings From ObamaCare Do Not Materialize Than The Trust Fund Is Expected To Be Exhausted Sooner.** "Without legislation to correct the financial imbalance, the fund would continue decreasing and use up all its remaining assets in 2024, and would thus become exhausted under the intermediate assumptions. If the reductions in Medicare price updates under the Affordable Care Act do not continue throughout this period, then asset depletion would occur slightly earlier in 2024, based on the illustrative alternative projections." ("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)

Rather Than Tackling The Problem Obama Has Chosen To Stay On The Sidelines

President Obama "Has Been All-Too-Willing To Avoid Making Tough Decisions." "One of President Obama's political weaknesses in his first term has been that he's all-too-willing to avoid making tough decisions, hesitant to expend political capital for potential long-term gain. Throughout his first term in office, he's had a cautious governing style, and has avoided taking on some of his party's core constituencies." (Josh Kraushaar, "Obama Trying To Have It Both Ways," *National Journal*, 11/30/11)

- ***Los Angeles Times*: Obama "Offers No Real Solution To The United State's Long-Term Fiscal Problems."** "The day after the Greek Parliament approved another round of deep spending cuts in the face of violent protests, President Obama released a budget proposal for the coming fiscal year that offers no real solution to the United States' long-term fiscal problems." (Editorial, "What About The U.S. Debt?" *Los Angeles Times*, 2/14/12)

- ***The Washington Post:* "The Final Budget Of His First Term Does Not Reflect The Leadership On Issues Of Debt And Deficit That Mr. Obama Once Vowed."** (Editorial, "Obama's Budget Falls Short, But It Beats Many Alternatives," *The Washington Post*, 2/13/12)

- **Obama's Budget Plan Barely Touches Entitlement Reform Which Standard & Poor's Said Was "Key To Long-Term Fiscal Sustainability."** "An aging population will strain public finances further in coming years, consuming more healthcare and pension benefits offered by the federal government. In its downgrade, S&P said funding those future outlays was 'key to long-term fiscal sustainability.' But less than a tenth of the savings in Obama's plan to cut budget deficits by $3.6 trillion would come from health spending. Reforms to the Social Security pension program were left out altogether." (Jason Lange, "Analysis: Obama Deficit Plan Unlikely To Impress Ratings Firms," *Reuters*, 9/20/11)

OBAMA WARNED THAT IF WE DID NOTHING ON MEDICARE, THEN THE PROGRAM WOULD NEED TO BE CUT - WHICH HE DID ANYWAY, LEAVING IT WORSE OFF

Watch Obama Warn The Medicare Will Need To Be Cut If Nothing Is Done

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August 15, 2009: 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 -- 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)

Obama Cut Over $700 Billion From Medicare Not To Save It, But To Fund ObamaCare

Obama Cut Medicare To Fund His New Health Care Entitlement Program, Which Will Leave "Fewer Options Available" When Medicare Crisis Hits. "'We did it for a good cause, which was the expansion of coverage,' said [economist and former Medicare trustee John] Palmer. 'But down the road, when further steps have to be taken to close the Medicare deficit, then we will have fewer options available because we've already done some of the easier things.'" (Ricardo Alonso-Zaldivar, "FACT CHECK: Can Overhaul Save Medicare?" *The Associated Press*, 5/1/10)

- **"[M]ake No Mistake -- Closing Medicare's Future Funding Gap Will Be Harder Now That Some Of The Easier Sources Of Savings Have Been Tapped To Finance The Health Care Bill."** (Ricardo Alonso-Zaldivar, "FACT CHECK: Can Overhaul Save Medicare?" *The Associated Press*, 5/1/10)

Congressional Budget Office: ObamaCare Includes $741 Billion In Cuts To Medicare. (Douglas Elmendorf, Letter To Speaker John Boehner, Congressional Budget Office, 7/24/12)

- **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)

- **ObamaCare Cut Medicare By 6 Percent.** "If the debt committee hits a dead end, the agreement between President Barack Obama and congressional leaders decrees an automatic 2 percent cut to Medicare providers. That's on top of a 6 percent cut already enacted to finance the president's health care law, according to the nonpartisan Kaiser Family Foundation. And the earlier cut is still being phased in." ("Advocates, Industry Fear Debt Deal Could Open The Way For Big Cuts To Medicare And Medicaid," *The Associated Press*, 8/2/11)

Medicare's Actuary Says "It's Pretty Hard To Imagine" That Obama's Cuts Are Sustainable

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." (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." (Testimony Before The House Committee On The Budget, U.S. House Of Representatives,, 7/13/11)

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- **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." (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 Due To Payment Cuts To Providers And Physicians As Well As The Phase-Out Of IPAB In 2021. "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)

- **ObamaCare's Medicare Cuts Will Lead To An "Exodus" From Medicare Advantage And Leave Seniors With "Higher Out-Of-Pocket Costs."** "In addition to flagging provider cuts as potentially unsustainable, the report [HHS] projected that reductions in payments to private Medicare Advantage plans would trigger an exodus from the popular alternative. Enrollment would plummet by about 50 percent. Seniors leaving the private plans would still have health insurance under traditional Medicare, but many might face higher out-of-pocket costs." (Ricardo Alonso-Zaldivar, "Report Says Health Care Will Cover More, Cost More," *The Associated Press*, 4/23/10)

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