

## Morning Bell: Facing the Medicare Debate Head-On

Amy Payne | August 13, 2012 at 9:08 am

Quick quiz: Who said this about Medicare? “With an aging population and rising health care costs, we are spending too fast to sustain the program. And if we don’t gradually reform the system while protecting current beneficiaries, it won’t be there when future retirees need it. We have to reform Medicare to strengthen it.”

It wasn’t Representative Paul Ryan (R-WI), Mitt Romney’s new running mate, who has been vocal about the need for Medicare reform. It was [President Barack Obama](#), just last year.

As the debate reignites over the government’s health care plan for seniors, which has a long-term unfunded liability of nearly \$37 trillion, two things are important to remember:

1. Obamacare has already [“ended Medicare as we know it.”](#)
2. There is [bipartisan consensus](#) for moving Medicare toward a premium support model, meaning that the government would make a fixed contribution toward each enrollee’s plan, but the enrollee would have the freedom to choose which health care plan he or she wants.

Medicare has been unsustainable for some time. The continued “plan” to deal with the entitlement’s runaway growth has been to cut payments to health care providers—but because that would harm patients by reducing the number of doctors available, Congress keeps putting it off. As Heritage expert Bob Moffit [explains](#):

*Physicians, under current law, also face Medicare payment cuts that are so draconian—31 percent in 2013—that Congress once again will likely stop them from going into effect. Yet the prospects remain profoundly unfavorable for physicians. More seniors plus fewer providers does not—and cannot—equal “guaranteed” benefits.*

The President and other supporters have claimed that Obamacare would help protect seniors. Nothing could be further from the truth. In fact, the Congressional Budget Office just updated its estimate of the amount Obamacare steals from Medicare to fund itself—a whopping \$716 billion between 2013 and 2022.

As Heritage's Alyene Senger [wrote](#), "With a raid on Medicare of this magnitude, President Obama's assertion that his new law is protecting seniors and Medicare is astonishing. The truth is that Obamacare does the opposite."

If anyone starts talking about "ending Medicare as we know it," you can easily tell him that Obamacare [already did that](#). In addition to robbing Medicare of its funding, Obamacare contains more than 160 provisions affecting Medicare.

The good news is that there are several strong plans for Medicare reform that could salvage the program for the next generation of retirees.

The Heritage Foundation has developed a Medicare premium support plan as part of its comprehensive budget reform, [Saving the American Dream](#). With premium support, the government makes a fixed payment to a health plan chosen by an enrollee. If an enrollee wants to purchase a plan that is more expensive than the government payment, the enrollee may do so, paying the additional cost. If an enrollee wants to buy a less expensive plan, the enrollee may also do so, and keep the savings.

Under this model, health plans would compete directly with each other. Their ability to retain or expand their enrollment would depend solely on their ability to provide the best package of benefits and the highest quality of care at the most competitive price. The American Enterprise Institute, the Cato Institute, the National Center for Policy Analysis, and the Progressive Policy Institute have all endorsed this general approach to comprehensive Medicare reform.

Some Members of Congress also have been forging a powerful consensus on reforming Medicare. Senators Richard Burr (R-NC) and Tom Coburn (R-OK), and Representative Paul Ryan and Senator Ron Wyden (D-OR) [have put forth plans](#) that would improve on the experience of defined-contribution ("premium support") financing that today characterizes the competitive private plan program in Medicare Part C and the Medicare drug program in Medicare Part D.

Without reform, Medicare is headed toward a crash landing, leaving America's seniors in the lurch. Heritage's Moffit [asserts](#):

*Medicare premium support, long a bipartisan proposal, is the best alternative to this unhappy scenario. It would improve the environment for medical practice, guarantee retirees better choices and broader access to quality care, encourage faster innovation in care delivery, and discourage waste and fraud in medical transactions. It would also deliver superior cost control. For the next generation of taxpayers and retirees alike, there is no better future.*

**LEARN MORE:**

**[Fact Sheet: Obamacare Ends Medicare As We Know It](#)**

To learn more about premium support financing for Medicare, see [Premium Support: Medicare's Future and Its Critics](#).

For a side-by-side comparison of The Heritage Foundation's plan with the Ryan-Wyden plan, Burr-Coburn, and others, see [Saving the American Dream: Comparing Medicare Reform Plans](#).

To see Medicare's risks illustrated in visuals, see our [slideshow, Medicare at Risk](#).

**Quick Hits:**

- "House Oversight Committee Chairman Darrell Issa (R-Calif.) says he intends to file a lawsuit in federal court Monday against Attorney General Eric Holder for failing to turn over documents related to the Fast and Furious gun-tracking operation," [reports](#) *The Hill*.
- The [Muslim Brotherhood](#) is consolidating its power over the military in Egypt.
- The USA won the [most medals](#)—including the most gold medals—in the London Olympics, which concluded yesterday.
- Curious about Paul Ryan's views on [foreign policy](#)? The Daily Caller delves in.
- The Agriculture Department spent [\\$2 million on a single intern](#), among other wasteful spending, reports Heritage's Lachlan Markay.