



Entitlement reform: Dead or alive?

By Brian Hughes

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Entitlement reform is in the air again. Or is it?

After the House passed a bill that halted the annual cutting of Medicare reimbursements paid to doctors — and with the GOP-led Senate expected to do the same after its Easter recess — some have suggested that President Obama and conservatives could finally come together on changes to the largest drivers of red ink for the federal government.

Speaker John Boehner, R-Ohio, called the "doc-fix" deal the "first real entitlement reform in decades," and the White House framed the rare compromise as proof that Obama had not abandoned his pledge to find ways to fix benefits programs.

Yet those most vociferously pushing for entitlement reform argue that the bipartisan pact hardly improves prospects for a major deal on Medicare, Medicaid and Social Security, especially since the alteration in how Medicare pays doctors actually increases deficits in the short-term and over time, according to the Congressional Budget Office.

The agreement struck by Republicans and Democrats, though a rare sign of bipartisan consensus on entitlements — and perhaps a fix to bad policy — did not carry as heavy a political price as overhauls that experts say are necessary to reverse budget-busting trends.

"I think they're not reading the fine print on this," argued Michael Tanner, a senior fellow at the Cato Institute who focuses on entitlement programs. "Essentially, they did something that had to do with an entitlement reform, but there's going to be less budget reforms than had they left [the original formula] in place."

Supporters of the "doc-fix" agreement argue that the structural reforms will be felt decades from now, when the savings will materialize.

Assuming the Senate goes along with the House bill, the "sustainable growth rate" formula would be repealed, removing the threat of a sizable cut in Medicare payments to doctors, while shifting to a more performance-based model.

Even if the modification works as supporters predict, it still doesn't bode well for the prospect of entitlement reform in the near future.

Tanner floated the possibility of disability insurance reform as an area where conservatives and progressives might find common ground but said he was not optimistic about even that isolated development.

Furthermore, the appetite for wide-ranging entitlement reform is virtually nonexistent at the White House, with Obama insistent that an uptick in the economy has changed his calculations for the need to alter entitlements.

"The truth is, is that circumstances changed," Obama said in an interview this month with The Huffington Post, when asked if he still had concerns about entitlement reform. "At that time, we were seeing significantly higher deficits, and the economy was just beginning to grow. We now know that we've got strong growth."

The two newly-passed Republican budgets rely on the repeal of Obamacare as well as steep reductions in spending on Medicaid and safety net programs — all of which are non-starters with the president.

The talks between Obama and Boehner about a so-called "grand bargain," which would have included entitlement cuts, now seem like a distant memory.

"People in Washington talk about how the Republican Party has supposedly shifted to the right on entitlement reform," Tanner said. "The untold story is that the Democratic Party has shifted to the left on entitlement reform. Those centrist Democrats are all gone. The Democratic Party now argues that entitlements don't need reform. The whole center of gravity has shifted."

In his recently released budget, Obama offered few new ideas for addressing long-term entitlement costs, a position that reflects the increasingly progressive tone coming from the White House in the president's final two years.

"The combination of discretionary spending cuts, slower growth in health spending and tax rate increases has slowed the projected growth of debt, but not reversed it," Alice Rivlin, former budget director under President Clinton, told the Washington Examiner. "I would not advise the president to jump back on this issue right now."

Though annual deficits have indeed gotten smaller since 2009, the White House seems less concerned about spikes in the cost of Social Security and Medicare over the next decade.

As such, analysts don't expect the "doc-fix" deal to prompt White House officials to return to entitlement reform before Obama leaves office.

"We're either going to need a new president," Tanner conceded, "or an entirely different political environment for something to happen."