

The Truth-O-Meter Says:



Under a proposal by Rep. Paul Ryan, people on Medicare will only have \$15,000 from the federal government to spend on their health care.

Bill Maher on Friday, April 15th, 2011 in an episode of HBO's "Real Time with Bill Maher"

Bill Maher says GOP proposal would limit seniors to \$15,000 spending under Medicare

During the April 15, 2011, edition of HBO's *Real Time with Bill Maher*, the liberal host and his ideologically diverse panel had an animated discussion about a proposal to overhaul Medicare that has been offered by Rep. Paul Ryan, R-Wis.

Ryan's plan was included in a budget resolution that [passed](#) the House on a near party-line vote earlier that day. Republicans argue that bold proposals like Ryan's are needed to rein in rising federal debt, while Democrats counter that the Ryan's proposal for Medicare is too radical.

Here's what Maher said. (For purposes of clarity, we've cut a few interjections by other panel members.)

"This Ryan plan for Medicare ... is to ... get rid of Medicare as we have known it, give seniors a \$15,000 voucher to buy Medicare, which probably does not cover the health costs for a lot of seniors. Not to mention, what insurance company is going to want to sell insurance to a 75-year-old sick person? Well, what happens when you run out of the \$15,000? You get sick and die. ...

"What happens to a person, if this plan is enacted, who uses the \$15,000 -- which, by the way, if they're in an assisted living facility, they'll go through it in three months -- what happens to them? What do they do when they use up the \$15,000 by this time of the year? What happens for the rest of the year? What happens to them? What happens? I'm just asking. ...

"But this seems pretty black and and white. (What happens) if you have \$15,000 to spend and you run out of the \$15,000 and still have more days to live?"

A reader who watched the show asked us to check whether Maher had described the proposal accurately. So we did.

We turned to Ryan's [official proposal](#), but we found its description too general to fully compare it to what Maher had said. So we looked instead at an April 5, 2011, [analysis](#) of Ryan's proposal released by the Congressional Budget Office. CBO is Congress' nonpartisan arbiter of fiscal matters.

According to CBO, Ryan's proposal would "convert the current Medicare system to a system of premium support payments." People who turn 65 in 2022 or later "would not enroll in the current Medicare program but instead would be entitled to a premium support payment to help them purchase private health insurance." (People who turn 65 before 2022 would remain in traditional Medicare.)

This premium support payment is similar (though not identical) to a voucher. With the payment in hand, beneficiaries "would choose among competing private insurance plans operating in a newly established Medicare exchange," CBO says. "Those plans would have to comply with a standard for benefits set by the Office of Personnel Management. Plans would have to issue insurance to all people eligible for Medicare who applied and would have to charge the same premiums for all enrollees of the same age."

The size of the premium support payment would vary depending on the beneficiary's health status and income. The payment for 65-year-olds in 2022 would average \$8,000 -- roughly the same as the federal government currently pays for 65-year-olds in traditional Medicare (when calculated by subtracting beneficiary premium payments from the government's Medicare outlays). The payment



Share this story:

Recommend 338

19



On the April 15, 2011, episode of "Real Time with Bill Maher," the host and his panel discussed Rep. Paul Ryan's proposal to restructure Medicare. We checked whether Maher described the proposal accurately.

About this statement:

Published: Wednesday, April 20th, 2011 at 6:01 p.m.

Subjects: [Federal Budget](#), [Health Care](#), [Medicare](#)

Sources:

Bill Maher, [comments](#) on HBO's Real Time with Bill Maher, April 15, 2011 (HBO GO subscribers only)

Paul Ryan, "[The Path to Prosperity](#)," accessed April 20, 2011

Congressional Budget Office, [analysis](#) of "The Path to Prosperity," April 5, 2011

ABC News, "House Passes Paul Ryan Budget Proposal in Partisan Vote," April 15, 2011

E-mail interview with Michael Tanner, senior fellow at the Cato Institute, April 15, 2011

E-mail interview with Edwin Park, vice president for health policy at the Center on Budget and Policy Priorities, April 20, 2011

E-mail interview with Conor Sweeney, spokesman for Rep. Paul Ryan, April 20, 2011

Written by: [Louis Jacobson](#)

Researched by: [Louis Jacobson](#)

Edited by: [Martha Hamilton](#)

How to contact us:

We want to hear your suggestions and comments.

For tips or comments on our Obameter and our GOP-Pledge-O-Meter promise databases, please [e-mail the Obameter](#). If you are commenting on a specific promise, please include the wording of the promise.

For comments about our Truth-O-Meter or Flip-O-Meter items, please [e-mail the Truth-O-Meter](#). We're especially interested in seeing any chain e-mails you receive that you would like us to check out. If you send us a comment, we'll assume you don't mind us publishing it unless you tell us otherwise.

Browse the The Truth-O-Meter™:

- [Barack Obama's file](#)
- [Joe Biden's file](#)
- [Pants-On-Fire rulings](#)
- [By our rulings](#)
- [By subject](#)
- [By person](#)
- [NPR/PolitiFact Message Machine](#)
- [ABC News "This Week"](#)

Subscribe:

Keep up to date with PolitiFact:

- [Sign up for our e-mail](#) (about once a week)
- [Put a free PolitiFact widget](#) on your blog or Web page
- [Subscribe to our RSS feeds on Truth-O-Meter items](#)
- [Subscribe to our RSS feeds on GOP Pledge-](#)

to beneficiaries would increase annually according to the general rate of inflation and the beneficiary's age. The premium support would be reduced for those in the top 8 percent of the annual income distribution.

CBO says that the "projected net federal spending per capita for all people age 65 and older in traditional Medicare would be about \$15,000 in 2022."

That appears to be the source of Maher's \$15,000 figure. That's an average for all Medicare beneficiaries over 65 in 2022, so there would actually be quite a bit of variation in the amount paid to various beneficiaries. But that's not the basis for our ruling.

Our takeaway from Maher's comments is that he believes the elderly would have \$15,000 to spend on health care overall, and if that money were to run out, they'd be out of luck. As Maher put it, what would happen "if you have \$15,000 to spend and you run out of the \$15,000 and still have more days to live?"

Problem is, that's not an accurate portrayal of how Ryan's plan would work.

The average Medicare beneficiary in 2022 wouldn't have \$15,000 to spend on all health-care-related expenses. They'd be given \$15,000 to purchase a health insurance plan. That plan, in turn, would pay at least part of their medical bills. That plan might have limits and co-pays and deductibles -- as current Medicare does -- but the money the plan could spend on any given beneficiary's health expenses would not be capped at \$15,000 per year. The \$15,000 limit only refers to what the government will pay for the insurance plan itself.

We don't take a position on whether the Ryan prescription for Medicare is good or bad policy. There's a debate to be had, for instance, over whether \$15,000 will be enough to purchase a good insurance plan for Medicare beneficiaries, who are older and sicker, on average, than Americans as a whole. And according to CBO, the typical 65-year-old would be responsible for a bigger share of costs -- including premiums, deductibles and co-payments -- under Ryan's plan than under traditional Medicare, due to such factors as higher administrative costs (including profits) for private plans and a slower increase in the government's contribution over time than the rate at which medical costs increase.

Still, we think that Maher's basic description of what Ryan's proposal would do -- which was essentially unchallenged by his fellow panelists -- misleads viewers who are unfamiliar with Ryan's proposal. So we rate his comments False.

[O-Meter items](#)

- [Subscribe to our RSS feeds on Obameter items](#)
- [Follow us on Twitter](#)
- [Fan us on Facebook](#)
- [Advertise on PolitiFact](#)
- [Shop the PolitiFact store for T-shirts, hats and other PolitiFact swag](#)



© 2011 • All Rights Reserved • St. Petersburg Times
 490 First Avenue South • St. Petersburg, FL 33701 • 727-893-8111
[About PolitiFact](#) | [Contact Us](#) | [Advertise](#)
[Privacy Policy](#) | [Terms, Conditions & Copyright](#)