



Another view: Ryan's way is the better way

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By Michael D. Tanner

[Albert Einstein](#) is reputed to have defined insanity as “doing the same thing over and over and expecting different results.” But when it comes to reforming Medicare, President Obama and [Democrats](#) in Congress offer only more of the same.

OUR VIEW: [Obama, Ryan know you can't handle the truth on Medicare](#)

Even under the Obama administration's most rosy scenario, Medicare is facing huge unfunded liabilities. It would have to be given at least \$45 trillion now to cover all shortfalls for as far out as can reasonably be projected. And some estimates say it would take closer to \$90 trillion. That shortfall cannot be fixed simply by making Medicare more efficient or eliminating “fraud, waste and abuse.” Nor can we tax our way out of the problem.

The president essentially proposes that we continue to do what we have been doing, and cut reimbursements to providers. That approach, though, has gone about as far as it can go. Medicare now reimburses hospitals and physicians only about 80% of their actual costs, meaning more and more physicians are refusing to accept Medicare patients.

He also touts savings from the new health care law, but even the government's own

chief actuary says those cuts are unrealistic. The only real Medicare savings from ObamaCare comes from forcing seniors out of the Medicare Advantage program.

Rep. Paul Ryan's proposal represents a different way out of the crisis. He would not touch Medicare for anyone on the program today or anyone getting close to retirement. No one would be thrown off of the program.

But younger workers would transition to a new system, one in which they have more control over the money that Medicare pays and therefore the decisions about what benefits they would receive. They would receive a subsidy from the government to help them purchase private health insurance. Lower income seniors and those with higher health care costs would receive a bigger subsidy. Seniors could combine the government subsidy with whatever they wish to spend of their own money to buy an insurance plan that has a cost and benefits that best meets their needs. Instead of a one-size-fits-all system, seniors would have many more choices than they have today.

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Will it mean that in the future seniors will have to pay more of their own money or settle for a plan with fewer benefits, as Democrats have charged? Yes. But that is going to happen with or without Ryan's plan.

Medicare cannot simply continue to promise paying for everything for everyone when it doesn't have the money to do so. The question isn't whether future seniors will have to pay more or get less. It is whether those choices will be imposed on them from above or whether they will be empowered to make those decisions for themselves.

What we have been doing hasn't worked. Medicare is broke. Rep. Ryan offers a better way.

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