



There's nothing cruel about Trump's 'Medicare cuts'

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President Trump submitted his 2020 budget last week, and, as with nearly all presidential budgets before it, two things immediately became apparent: First, there was zero chance it would be enacted as drafted, and, second, there was no limit to congressional hysteria and demagoguery in response.

Among the biggest sources of hysteria was the president's proposal to reduce the growth in Medicare spending by \$845 billion over the next decade. Democrats immediately denounced the cuts as "devastating" and "cruel." It's only a matter of time until we see the first ad showing Trump throwing grandma and her wheelchair over a cliff.

But fact is, Trump's plan is far less radical than portrayed.

For starters, while the proposed reductions sound big, they aren't. Actually, they are far less than what is needed to bring Medicare back into balance. Over the next 10 years, Medicare is projected to spend more than \$10.2 trillion, meaning the president's proposed cuts amount to less than 9 percent of the entitlement's projected expenditures.

In the typical Washington way, the cuts aren't actually cuts but rather reductions in the rate of increase. Even after the supposed "cuts," Medicare spending is projected to nearly double by 2030.

Grandma is safe, moreover, because the president's proposed cuts don't directly reduce benefits for seniors. Instead, Trump builds on Obama-era reductions in payments to health care providers.

For example, \$260 billion in projected savings come from efforts to prevent hospitals from increasing reimbursement levels by buying up physician practices. The new policy would pay the same reimbursements rate regardless of whether a patient visit took place in a hospital or a doctor's off-site office.

Another \$69 billion results from changes in the way Medicare reimburses for prescription drugs. Yes, those changes mean some seniors could face higher copayments. But at the same time, - seniors with very high drug costs would actually end up paying less. One can argue about whether this is the best way to reduce the cost of prescription drugs, but it is clearly a goal that Democrats share. Or used to.

Then, too, President Barack Obama implemented some \$714 billion in similar reimbursement reductions to help fund ObamaCare. Mitt Romney famously attacked Obama for those cuts during the 2012 presidential debates. And Obama defended himself by claiming that cutting provider payments wasn't the same as cutting benefits to seniors. Those changes don't reduce benefits to seniors "by a single dime," Obama passionately declared.

Bipartisan hypocrisy aside, reductions in provider payments aren't without consequences. If payments drop too low, physicians could be discouraged from providing care or accepting Medicare patients at all. Still, that seems like a strange complaint from Democrats, many of whom have embraced a Medicare-for-All plan that the Mercatus Center estimates would require as much as a 40 percent cut in reimbursement rates.

Most important, Medicare desperately needs to be reformed.

In the coming decades, the program will spend trillions of dollars more in benefits than it takes in through taxes. A married couple that earns \$110,000 in wages will pay roughly \$140,000 in Medicare taxes and premiums over their lifetime. That same couple can expect to receive more than \$422,000 in benefits. That's not exactly a recipe for fiscal stability.

Our national debt currently exceeds \$22 trillion. The president's budget expects it to top \$31 trillion in a decade. Simply put, there is no way to balance the budget and reduce our debt without reforming the three big entitlement programs, Medicare, Medicaid and Social Security, which account for half of all federal spending.

It is perfectly reasonable to question how the president would reform Medicare, but in that case critics have an obligation to explain how they would protect our children and grandchildren from this growing tsunami of red ink.

There are plenty of reasons to criticize the president's budget. It doesn't even try to balance the budget for 15 years, and then only under the rosier of rosy scenarios. The hike in defense spending seems both excessive and divorced from any real strategy, while domestic spending cuts are often arbitrary or unlikely to realize the savings projected. It is stuffed with corporate welfare and pet projects. It invites another exhausting fight over The Wall.

But the hysteria surrounding the president's not-so-radical Medicare proposals is more about politics than policy.

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