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CATO's Tanner: Medicare Will Be Cut

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By: Dan Weil

Medicare benefits will be cut regardless of whether Democrats or Republicans have their way, says Michael Tanner, a senior fellow at the Cato Institute.

“Democrats would have us believe that they can cut \$500 billion from Medicare spending over the next 10 years without anyone getting less of anything,” Tanner wrote in a Cleveland Plain Dealer opinion piece.

“They are going to save that money, the president says, by eliminating ‘fraud, waste, and abuse.’ Undoubtedly that would be the same fraud, waste and abuse that presidents have been eliminating since at least, say, Ronald Reagan.”



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The bills being debated in Congress “would cut payments to Medicare Advantage plans by \$100 billion to \$150 billion,” Tanner wrote.

“In response, many insurers are expected to stop participating in the program, while others will probably increase the premiums they charge seniors. Millions of seniors will likely be forced off their current plans and back into traditional Medicare.”

As for Republicans, “They've reacted with the least-convincing outrage since Inspector Renault discovered there was gambling going on at Rick's,” Tanner wrote. “But their outrage ignores the fact that back in February, these same Republicans proposed even bigger Medicare cuts as part of their alternative budget.”

To be sure, cuts must be made in Medicare, Tanner wrote. “The truth is that, depending on which set of accounting measures is used, Medicare is facing unfunded liabilities of \$50 trillion to \$100 trillion.”

“We cannot and will not continue to pay all promised future Medicare benefits. Of course, there are differences about how future cuts would be made and what we should do with the money.”

Here he criticized the Democrats. “Democratic plans to simply plow the money back into a new government health care program, for example, would do nothing to help our long-term fiscal problems.”

Meanwhile, pharmaceutical industry lobbyists are fighting efforts to cut Medicare drug costs.

“The lobbyists are winning,” Rep. Jim Cooper, a conservative Tennessee Democrat who teaches health policy, told The New York Times.

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