



The Health Care Power Grab

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PART 1 – THE MEDICARE TRIGGER

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Despite their claims of fiscal responsibility, the Democratic leadership, in their Rules package for the 111th Congress, turned off the Medicare trigger, ensuring no proposal to address Medicare's long-term spending crisis would receive the special consideration provided by law in the Medicare Modernization Act [MMA] of 2003. The House would have needed to come up with just \$1.5 billion in savings in 1 year to satisfy the trigger requirements, but the Democratic leadership chose instead to actively defeat any effort to reform Medicare.

- **Medicare's Unsustainable Path.** The Medicare Trustees estimate the unfunded liability of the Medicare Program at \$36 trillion over 75 years, a per-household burden of approximately \$317,000. Without reform, this number skyrockets to nearly \$48 trillion in just 5 years, or about \$421,402 per household.
- **Consuming More Economic Resources.** The Congressional Budget Office [CBO] estimates that Medicare *alone* will constitute 17 percent of gross domestic product [GDP] by 2082 – a sixfold increase from 2006, and nearly the same percentage of GDP absorbed by the *entire* Federal budget today.
- **Medicare's Troubles Affect All Health Care.** Even President Clinton's former budget director, Alice M. Rivlin, has urged reforming Medicare as an important element in health care reform generally. As she testified to the House Budget Committee: "While restraining health spending growth should be a major feature of comprehensive health reform, Medicare is an ideal place to start the effort. Medicare is the largest payer for health services and should play a leadership role in collecting information on the cost and effectiveness of alternative treatments and ways of delivering services, and designing reimbursement incentives to reward effectiveness and discourage waste."
- **Another Step Away From Needed Reform.** While CBO has concluded that "changes in Federal law will be necessary to avoid or mitigate a substantial increase in Federal spending on Medicare," Democrats continue to kick the can down the road. Reform will only be more difficult the longer Congress delays.

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This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.

The Health Care Power Grab is a series by the Republican staff of the House Budget Committee noting the Majority's attempts to incrementally impose government control of health care.