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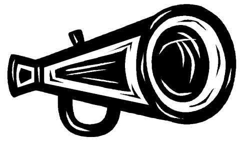

Fact Sheet

Ryan Republican Budget, FY 2013

On March 20, 2012, House Budget Committee Chairman Paul Ryan (R-WI) released the GOP budget proposal for 2013. As feared, it is a plan that would harm the middle class while providing a windfall for millionaires. Ryan's budget makes deep, lasting cuts to many domestic programs, including Medicare, Medicaid, nutrition and housing programs. Meanwhile, it increases defense spending by $228 billion through 2022. The Ryan budget would also repeal the Affordable Care Act (ACA), leaving 34 million people without health insurance coverage.

While the budget gives the appearance of eliminating certain tax breaks for the wealthy, it then uses those very savings to fund other tax cuts.

Most alarming perhaps are its proposals to end Medicare as we know it. And while his plans for Social Security are not as direct, don't be fooled: Ryan is still on a mission to privatize Social Security in ways that would leave the program and its critical Trust Fund on life support. These proposals spell danger for the millions who rely on them and for the millions who are counting on them to be there in the future.

Ryan's Plan Ends Medicare As We Know It

Voucherizes Medicare: Ryan's 2013 budget replaces Medicare's guaranteed benefits with a "premium support" payment that beneficiaries would use towards the cost of private insurance or traditional Medicare starting in 2023. The amount of this voucher would be based on the second cheapest available plan in the area. There is no guarantee that this payment would actually cover enough of a premium's cost to actually make health care affordable. In fact, it is more than likely that beneficiaries would be left with increased out of pocket costs, because Ryan's plan caps the amount of the voucher at GDP +0.5 percent, far below the growth in health insurance costs in recent years. In fact, the Congressional Budget Office has estimates that new beneficiaries could pay more than $1,200 more by 2030 and more than $5,900 more by 2050 under this scenario.

Threatens Medicare's Vitality: Medicare works for many reasons, one of them being that its volume of beneficiaries gives it better bargaining power when negotiating rates with providers. This feature keeps costs down for both the government and the beneficiary. Under the Ryan 2013 plan, private insurers would cherry pick the younger, healthier and less expensive beneficiaries. Leaving Medicare with a disproportionate share of the oldest, sickest and costliest beneficiaries would drive up costs for the program and set it on an unsustainable path.

Raises Medicare Eligibility Age to 67: Ryan's instructions to the Congressional Budget Office accompanying the FY 2013 budget included a proposal that would raise the Medicare eligibility age from 65 to 67 over 12 years, beginning in 2023 for people born in 1958. This would increase out-of-pocket health care costs by $4,300 a year for nearly 1 million individuals ages 65 and 66. It is worth noting that this population faces the most difficulty in obtaining insurance due to chronic health conditions. Because Ryan's plan repeals the ACA, these seniors would be left uninsured or would have to get a job that provides health insurance. As a fact, people over 55 have the most difficulty finding new employment.

Ryan's Plan to Gut Medicaid

Ryan's 2013 budget proposal would block grant Medicaid, shifting costs onto already cash-strapped states by forcing them to provide funding or cut Medicaid benefits as costs increase. This would be especially devastating to older Americans and their families, as Medicaid is currently the largest provider of long-term care coverage for seniors.

Ryan's Plan to Privatize and Cut Social Security

The Ryan 2013 budget speaks about its plans for Social Security in intentionally general terms. Outside of calling for a "bipartisan path forward" and establishing a fast-track procedure designed to force cuts to Social Security, there are not a lot of details. Of course, as Chairman of the House Budget Committee, he would have a say in charting this yet unknown "bipartisan" path. What is known, however, is that if his proposals are anything like what he included in his 2010 "Roadmap for America's Future," Social Security would certainly be on the road to ruins.

Privatizes Social Security: Under the Ryan Roadmap, Americans aged 55 and younger would be allowed to invest a third of their Social Security contribution into a private account. While there would be a one-time payment of $2 billion to the Trust Fund to ensure continued benefits for those 55+ and those not participating, it is unclear what would happen if that amount turns out to be insufficient.

Cuts Social Security Benefits: Under current law, new retirees get benefits based on the growth in wages. Under the Ryan Roadmap, initial benefits would be calculated based on the growth in prices, which over time grow at a slower rate. This portion would impact 70% of beneficiaries and would cut benefits by roughly 16% for the average new retiree in 2050 and 28% in 2080.

Opposed to Raising the Earnings Cap: Ryan dismisses the idea of raising the earnings cap, inaccurately arguing that doing so would have a "limited direct impact on the solvency of the program." According to the Social Security Actuary, however, lifting the cap and adjusting benefits would address half of the Social Security shortfall. Likewise, if all earnings were subject to the payroll tax, but benefits were not adjusted, the Social Security Trust Fund would remain solvent for the next 75 years.

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