



You can make a difference. Donate!  PayPal

NOW

Your Update from AgeOptions

August 2018

Proposals to Cut Social Security, Medicare, Medicaid and Non-Defense Discretionary Spending Must Be Questioned

*By Jonathan Lavin
President and Chief Executive Officer, AgeOptions*

The Center for Budget and Policy Priorities (CBPP), a well-regarded Washington, D.C., think tank, is offering caution as Congress is discussing proposals to counter the severe loss of revenues that resulted from the 2017 tax legislation.

The first step is to discuss the myth that program spending is growing to the detriment of federal financial security. Below is a demonstration that programs that include the Older Americans Act will actually represent a smaller part of the Gross Domestic Product over the next 10 years, going from close to 12 percent down to 10 percent. Social Security and Medicare are expected to require a greater share of the GDP in the future. .

Program Spending as Percent of Gross Domestic Product Under Current Policies*

	Average		
	1977-2016	2017	2027
Non-interest spending	18.4%	19.2%	20.0%
Minus Social Security	14.0%	14.3%	14.0%

Program Spending as Percent of Gross Domestic Product Under Current Policies*

	Average		
	1977-2016	2017	2027
Minus Social Security and Medicare	11.9%	11.3%	10.0%

*Note: Timing anomalies have been removed from the data. Program spending includes all federal expenditures other than net interest on the debt. Source: Office of Management and Budget for 1978-2017; CBPP analysis of Congressional Budget Office data for 2018-2028.

CBPP projects, based on Congressional Budget Office forecasts, that:

“The rise in Social Security and Medicare spending over time reflects an aging population and rising health care costs. Combined spending for these two programs is projected to rise from 7.9 percent of GDP in 2018 to 10 percent by 2028, well above the average over the past 40 years of 6.4 percent. The large majority of this growth reflects the aging of the population as the baby-boom generation retires. In addition, growing per-person costs in the nation’s health care system (in both the public and private sectors) — stemming in part from new treatments and medications that improve health and save lives but increase costs — continue to put upward pressure on Medicare costs.” (Emphasis added)

Clearly the aging of America requires a commitment to keeping all Americans healthy, active and supported as they age. For years, Social Security was viewed as a fund that supported gaps in the rest of the federal budget. Now it is time for a commitment to fundamental repayment and increased investment in our older population. The issue of where the funding will come from is not as important as the declaration that the nation has a compact with its citizens to meet health and income security needs. All of us have lived our working lives managing the mandatory contributions into the Social Security and Medicare systems with the full expectation that those programs are to return to us the income and health security we deserve. This pledge should be to my generation, the next generation, and to our grandchildren and to their grandchildren.

The recent tax legislation did not fully embrace this concept. It is important that realistic projections of growth, governmental needs for revenues and the security of people who are older, disabled, orphaned, and others in Social Security, Medicare and Medicaid are fully considered as plans to correct the recent tax legislation are formulated going forward.

Below are two articles on the topic:

(1) The National Committee to Preserve Social Security and Medicare

[House Budget Makes GOP Priorities Painfully Clear: Medicare and Medicaid Would Be Slashed to Pay for Tax Cuts](#)

(6/20/18)

“The 2019 House GOP budget proposal, which would cut \$537 billion from Medicare and \$1.5 trillion from Medicaid and other health programs, demonstrates grossly misplaced priorities. At a time when 10,000 Americans turn 65 every day, the Republican leadership in Congress wants to slash programs that protect seniors’ health and well-being – including Medicare, which older citizens have paid into during their entire working lives, and Medicaid, which covers costs for more than 60% of skilled nursing care.”

(2) The Hill

[House GOP 2019 Budget Calls for Deep Medicare, Medicaid Spending Cuts](#)

(6/19/18)

“House Republicans offered a budget proposal on Tuesday that would cut mandatory spending by \$5.4 billion over a decade, including \$537 billion in cuts to Medicare and \$1.5 trillion in cuts to Medicaid and other health programs. On Medicare, the budget would move towards a system of private health insurance plans competing with one other, rather than the current open-ended, government-provided Medicare system.”