

## The American people deserve to know the potential fallout of the fiscal cliff battle

- Roll Call | By Rep. Jan Schakowsky
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There has been a lot of talk lately about how to avert the so-called fiscal cliff. Now it's time to get specific — not just about numbers but about how the proposals would affect real people.

It's true that the details are becoming clearer now about tax policies, such as whether changes will affect income over \$250,000 or \$1 million. But that precision is mostly missing when it comes to proposals regarding Medicare and Medicaid.

It's easy to talk about making “wealthier” or “upper-income” seniors pay higher Medicare premiums. Former GOP Sen. Alan K. Simpson of Wyoming, co-chairman of the National Commission on Fiscal Responsibility and Reform on which I served, calls them “greedy geezers.” Those words probably create visions of Bill Gates Sr. or Donald Trump, and, after all, why can't they pay more?

But who exactly is an upper-income senior? And how much more would she pay for health care under the proposals being tossed about in Washington? Specifics matter. When people who say millionaires should not pay higher tax rates utter those words, exactly where would they draw the line on “wealthy” for the over-65 set? Which seniors do they want to shell out more for medical care?

Consider these facts.

Half of all seniors live in households with less than \$22,000 in annual income.

Seniors pay, on average, \$4,500 per year on medical bills — 20 percent of the median household income. That percentage is projected to grow to 26 percent in 2020 without any

changes in current law.

Seniors with more than \$85,000 in income — or couples with income of \$170,000 — already pay higher Medicare premiums. Next year, their additional annual cost will be \$504 to \$2,770. Only 5 percent of seniors have income above the existing income threshold.

Extracting more deficit reduction through higher premiums on supposedly wealthy seniors means the term “wealthy” will have to be defined as having an annual income somewhere below \$85,000. How much lower? And how much more a month will they have to pay? Just talking about wealthy seniors doesn’t answer either question.

Medicaid, too, is being targeted for cuts. Medicaid covers four in 10 births, one in three children, and one in five people with disabilities. It also pays for more than 40 percent of all long-term care — home and community-based services as well as nursing home care. The House Republican budget passed last spring would have cut Medicaid spending by \$810 billion over the next decade. The plan put forward by Simpson and his fiscal commission co-chairman, Erskine Bowles, would cap spending and includes the possibility of limiting the number of vulnerable seniors who would be eligible for long-term-care services.

Under those proposals, what happens to seniors who need long-term-care services or who rely on Medicaid to pay Medicare’s out-of-pocket costs? Before answering, remember that pesky fact about median senior income. And consider that half of seniors have less than \$53,000 in personal savings.

Do they move in with their children, ask for a loan, or go without medical care? How many middle-class families have an extra \$100,000 lying around to pay for nursing home costs for their parents yearly? And what about seniors who don’t have children they can turn to for help?

The budget pundits who talk so easily about cutting federal spending for the long-term care and health care needs of seniors and people with disabilities need to answer those questions.

And, rather than putting cuts into neat budget silos, they need to look at the cumulative effect.

Many of the proposals — such as the Bowles-Simpson plan — would reduce Social Security benefits by reducing the cost-of-living adjustment, increasing Medicare costs and decreasing Medicaid benefits.

Those cuts fit neatly into budget categories, but seniors don't live their lives according to budget columns. The combined effect of lower Social Security benefits, higher Medicare costs and fewer Medicaid long-term-care services would mean real hardship.

Fiscal budgeters should be asked to fully describe the real-world results of their decisions on lower-income and middle-class seniors and their families. And they should be asked to justify their choices compared to the alternatives, such as requiring Medicare to negotiate with pharmaceutical companies to lower drug costs or eliminating the more than \$750 billion a year in wasteful health care spending identified in a recent Institute of Medicine report.

Rather than vague rhetoric, the American public deserves specificity. After all, they are the ones who will be living with and paying for the consequences.

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