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FROM THE
DIRECTOR OF
THE JOY LUCK CLUB

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The Budget Battles: The Threat to Medicaid and Medicare

Representative Paul Ryan's proposals to reform Medicare and Medicaid are mostly an effort to shift the burden to beneficiaries and the states. They have very little reform in them.

They certainly won't solve the two most pressing problems in the nation's health care system: the relentlessly rising cost of care and the shamefully high number of uninsured Americans — now hovering around 50 million. Mr. Ryan is also determined to repeal the new health care reform law. Never mind that the law would make real progress on both fronts, covering more than 30 million of the uninsured and pushing to make health care delivery more efficient and effective and less costly.

One of Mr. Ryan's most damaging ideas is to change Medicare and Medicaid from entitlement programs — covering everyone who is eligible for a defined set of services. Instead, Washington would contribute set amounts that would almost certainly grow more slowly than medical costs. You will hear a lot about how squeezing outlays will mean more efficiency. The real result is that the most vulnerable — the elderly, the poor, the disabled — will have to pay more for care or forgo treatment.

The government currently pays half or more of the costs of Medicaid, which insures the poor. Under Mr. Ryan's proposal, the federal government would give each state a lump sum that probably would not keep pace with rising costs or accommodate surges in demand. Right now when a recession hits, the federal and state contributions rise to meet the higher rolls. The states would be given great flexibility, but many would use that to reduce benefits or drop people from coverage.

Mr. Ryan would largely privatize Medicare starting in 2022. New enrollees would be given "premium supports" to help them buy private insurance. The rich would get lower subsidies, the sickest and poorest would get additional assistance. Once again, the federal payments would likely grow more slowly than costs forcing individuals to buy skimpier coverage or pay more.

Republicans hope that competition among the private plans would lead them to use the most efficient doctors and hospitals. The reform law also seeks savings from such competition but goes far beyond that, starting pilot projects and establishing new organizations to spread the most promising reforms throughout the system.

For decades the Republicans have made clear their antipathy toward Medicare and Medicaid. Now they are trying to use the public's legitimate concerns about the deficit to seriously cripple both programs. This isn't real reform. If it moves forward, Americans will pay a high price.