



**The Super Committee:
What May be at Stake for Social
Security, Medicare & Medicaid
October 2011**

On August 2, 2011, Congress passed the Budget Control Act of 2011, allowing the Obama Administration to lift the debt ceiling – the legal limit on borrowing by the federal government. The agreement is a two-step process, which includes an initial increase of \$900 billion. A second increase of \$1.2 trillion to \$1.5 trillion would occur after Congress votes on recommendations by a “Super Committee” to make spending cuts of the same amount. This committee will have until November 23, 2011 to identify cuts. The agreement also requires a vote prior to the end of the year on the *Balanced Budget Amendment*, which would cap spending to 18 percent of the gross domestic product (GDP).

Element of Proposal	Explanation of the Super Committee
Structure of Super Committee and Dates of Action	<ul style="list-style-type: none"> • 12 members, 3 appointed by each Leader of both chambers, from each party (6 Democrats and 6 Republicans). • Needs 7 votes for its recommendations to be sent for a full vote in Congress. These recommendations would be treated as fast-track legislation, requiring only a majority vote; not subject to amendments or Senate filibuster. • Must report legislation by November 23, 2011. Full Congress must vote on Committee plan by December 23, 2011.
Charge of Super Committee	<ul style="list-style-type: none"> • Reduce deficit by an additional \$1.5 trillion over 10 years. • “Provide recommendations to improve the short-term and long-term fiscal imbalance of the Federal Government.”
If Super Committee and Congress Fail to Approve Up to \$1.5 Trillion in Deficit Reduction...	<ul style="list-style-type: none"> • Automatic cuts will begin in 2013 for any amount not approved by Congress up to \$1.2 trillion. Cuts will be made equally to defense and non-defense spending. • Social Security, Medicaid, Supplemental Security Income, veterans’ benefits, civilian and military retirement programs, and other programs serving low-income families would be exempt from these cuts. • Medicare cuts would be capped at 2% a year starting 2013-2021. Cuts would not affect benefits but would affect payments to providers and insurance plans.

The Super Committee & Potential Threats to Social Security, Medicare & Medicaid

This fall, the Super Committee will recommend legislation to reduce the deficit by \$1.5 trillion over 10 years. It is possible that this legislation will recommend cuts to Social Security, Medicare and Medicaid in the name of deficit reduction. The following are some proposals you may hear about and an explanation of how they would impact your retirement security:

Potential Super Committee Threats to Social Security

The Chained CPI: Prior deficit reduction negotiations have proposed changing the formula used to calculate the annual COLA to the so-called chained CPI, which would cut the benefits of those receiving Social Security today. After ten years average retiree benefits would be cut by about \$600 a year, and after 20 years they would be cut by about \$1,000 a year. This “technical” change assumes that seniors will substitute one good for a cheaper version to make ends meet. While that may work for certain goods, a senior cannot just substitute triple bypass surgery with a double because it’s cheaper. Plain and simple, **the chained CPI is a COLA cut!**

Raising the Retirement Age: Raising the normal retirement age beyond age 67, as recommended by the co-chairs of the Fiscal Commission, is a 13% benefit cut on top of the 13% cut already made when the retirement age was increased from 65 to 67, according to the Social Security Administration. While the life expectancy of upper income earners has increased, the life expectancy of middle and low wage earners has not increased significantly to justify another increase in the retirement age. Additionally, the job market for older workers is bleak. According to the Bureau of Labor Statistics, the percentage of unemployed, older workers who want a job but can't find one has increased while the unemployment rate for other age groups has improved. **Pushing retirement even farther out of reach would be devastating for millions of older Americans.**

Means-Testing Social Security: Proposals to means-test Social Security benefits may seem fair at first; after all, the wealthy don’t need Social Security, right? The trouble with this though is that Social Security’s popular support is grounded in the fact that Social Security is a program for every worker. Workers contribute to Social Security and earn the right to benefits upon retirement. This popular support is the very shield that makes politicians think twice before making cuts to the program. **If this connection between contributions earnings and benefits is eliminated, Social Security will lose its popular support**, leaving it highly vulnerable to benefit cuts in the name of deficit reduction.

Potential Super Committee Cuts to Medicare

Voucherize Medicare: This proposal included in the House Republican budget ends Medicare as we know it. Instead seniors would get a small stipend towards the cost of their health care, which they would need to obtain through a private insurance company. The amount would not be enough to keep up with medical inflation. According to the Congressional Budget Office, by 2030 the Medicare vouchers would be about \$9,750 a year while annual medical costs would be about \$30,460, leaving seniors with an average \$20,700 to pay out-of-pocket.

Raise Medicare's Eligibility Age: Proposals to raise the age of eligibility from 65 to 67 is a step in the wrong direction. This population faces the most difficulty in obtaining insurance due to chronic health conditions. These seniors would most likely have to get a job to get insured, but jobs are difficult to find for this group to due to age discrimination.

Instituting a Single Deductible for both Medicare Part A and B: Budget hawks, including the Co-Chairs of the Fiscal Commission have suggested that instead of having two separate deductibles for Medicare for Part A (hospital coverage) and Part B (doctor and outpatient coverage), there should be a single deductible (\$550- \$600) for both. Some seniors have taken that to mean a savings for Medicare beneficiaries, but that is not the case. Currently, the Medicare Part B deductible is \$162 and the Part A deductible is \$1,132 with coinsurance for a hospital stay of up to 60 days. Individuals who are not admitted to the hospital do not have to pay the hospital deductible, thus their yearly deductible for 2011 is \$162. For those who end up in the hospital, additional copayments could be required.

Restrict First Dollar Coverage under Medigap: Currently, Medigap covers most of a beneficiary's co-payments. This option, which is based on the idea that beneficiaries over-utilize benefits, would restrict the first \$500 of an enrollee's cost-sharing liabilities and limit coverage to 50% of the next \$5,000 in Medicare cost-sharing, requiring seniors to pay for this out-of-pocket.

Home Health Co-pay: This option, proposed by the Medicare Payment Advisory Board (MedPAC), recommends charging a 5% copayment for home health visits. This would amount to \$150 copayment for each 60-day home care treatment period, or episode.

Potential Super Committee Cuts to Medicaid

Medicaid is the government safety net program that provides health care benefits to 60 million individuals, including pregnant women, children, people with disabilities and low-income seniors. The program, which is funded by both the state and federal revenues, also pays for 62% of all long term care spending (i.e., nursing home, home health care) in the United States. Of all the entitlement programs, Medicaid is the most vulnerable and most likely to see cuts.

Super Committee Members

Representative Jim Clyburn (D-S.C.) is the assistant Democratic leader, the third-ranking member of House Democratic Leadership. Clyburn received a lifetime score of 98% in the 2011 Alliance for Retired Americans Voting Record (“Voting Record”).

Representative Xavier Becerra (D-CA) is the House Democratic Caucus’ vice chairman and the ranking member of the House Ways and Means Subcommittee on Social Security. Becerra received a lifetime score of 99% in the 2010 Voting Record.

Representative Chris Van Hollen (D-Md.) is the ranking member of the House Budget Committee. He received a lifetime score of 100% in the 2010 Voting Record.

Representative Jeb Hensarling (R-TX) is the Chair of the House Republican Conference and a member of the House Financial Services Committee. He received a lifetime score of 3% in the 2010 Voting Record.

Representative Dave Camp (R-MI) is the Chair of House Ways and Means Committee and Chair of the Joint Committee on Taxation. He received a lifetime score of 7% in the 2010 Voting Record.

Representative Fred Upton (R-MI) is the Chair of House Energy and Commerce Committee. He received a lifetime score of 19% in the 2010 Voting Record.

Senator John Kerry (D-MA) is the Chair of the Senate Foreign Relations Committee. He received a lifetime score of 96% in the 2010 Voting Record.

Senator Patty Murray (D-WA) is the Chair of the Senate Veterans’ Affairs Committee and Chair of the Senate Employment and Workplace Safety Subcommittee. She holds a lifetime score of 97 percent in the Voting Record.

Senator Max Baucus (D-MT) is the Senate Chair of the Senate Finance Committee, Vice Chair of the Joint Committee on Taxation and Chair of the Senate Transportation and Infrastructure Subcommittee. He holds a lifetime score of 77% in the Voting Record.

Senator Jon Kyl (R-AZ) is the GOP whip, ranking member of the Senate Taxation and IRS Oversight Subcommittee and ranking member of Senate Crime and Terrorism Subcommittee. He holds a lifetime score of 2% in the Voting Record.

Senator Pat Toomey (R-PA) is the ranking member of the Senate Consumer Protection, Product Safety, and Insurance Subcommittee. His House lifetime score was 6% in the Voting Record.

Senator Rob Portman (R-OH) is the ranking member of the Senate Emerging Threats and Capabilities Subcommittee and ranking member of Senate Contracting Oversight Subcommittee. His House lifetime score was 3% in the Voting Record.



Contact the Super Committee



The Super Committee has a website at: www.deficitreduction.gov. On this website, you can watch hearings, read the latest news, view a calendar of events and send a written message directly to the Super Committee by clicking on the “Write to Us Today” tab on the bottom half of the website: www.deficitreduction.gov.

The Super Committee wants your input! Visit the website to take advantage of this unique opportunity to write directly to the Committee today. Tell them about the need to protect Social Security, Medicare and Medicaid for you and your family!

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