



Smart Ways to Improve the Economy While Protecting Social Security, Medicare & Medicaid *October 2011*

Today's retirees want our economy to turn around. They worry about their children and grandchildren, and do not want a large debt to be the legacy they leave behind. Importantly though, they understand that there is a right and wrong way to do this. The wrong way is to continue giving tax breaks for yachts and corporate jets, or allowing big corporations like General Electric to avoid paying any taxes while many Americans go hungry. The right way is to finally address our fundamentally-flawed tax code, in which sacrifice is distributed terribly unfairly. The following are smart ways to reduce the deficit and improve our economy while protecting Social Security, Medicare and Medicaid:

- ✓ **Allowing Medicare to negotiate the prices of prescription drugs with drug companies would save \$200 billion over 10 years!** Every savvy consumer knows you should pay less when you buy in bulk, but Medicare is currently prohibited from doing just that. Allowing the U.S. health secretary to negotiate with pharmaceutical companies on behalf of Medicare's 48 million beneficiaries to lower the cost of prescription drugs would mean big savings for Medicare and the federal government! These savings should be used to further extend the life of the Medicare trust fund.
- ✓ **Requiring drug manufacturers to extend drug rebates from the Medicaid program to people eligible for both Medicaid and Medicare would save \$135 billion over ten years!** Currently, the federal government receives a set rebate from prescription drug makers for purchases it makes for a Medicaid patient. That rebate is lost, however, if the patient is also on Medicare. Applying the Medicaid rebates to the drug purchases by low-income Medicare beneficiaries could save the government \$135 billion over ten years.
- ✓ **Ending the Bush tax cuts in 2012 for the richest 2% (individuals making more than \$200,000 a year, couples making \$250,000) brings \$866 billion in savings!** Additionally, limiting deductions and exclusions for couples making more than \$250,000 a year would bring savings of \$410 billion!
- ✓ **Requiring a minor financial transactions tax of 0.25% on certain financial-market transactions such as the sale of stocks, bonds, options, or futures would raise \$1 trillion in revenue in the next decade!** Such a tax would have the added bonus of discouraging the very sort of financial speculation that crashed the housing market and the 401(k)s of many Americans.

