

Straight Talk on Medicare

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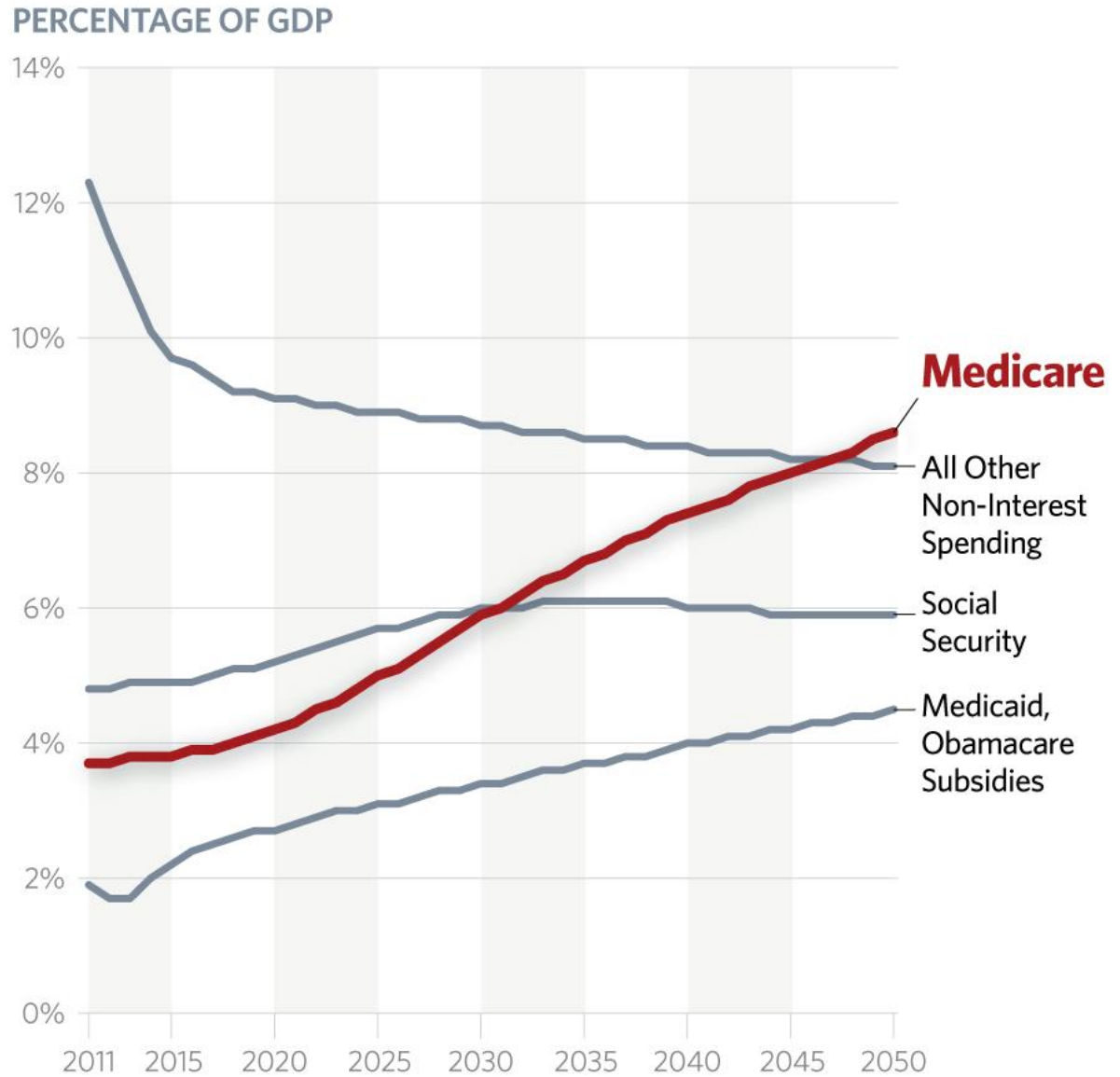
July 26, 2012

1. Problems in the current system
2. Principles and vision for reform
3. Premium support as the solution

Medicare spending is growing faster than the rest of the federal budget

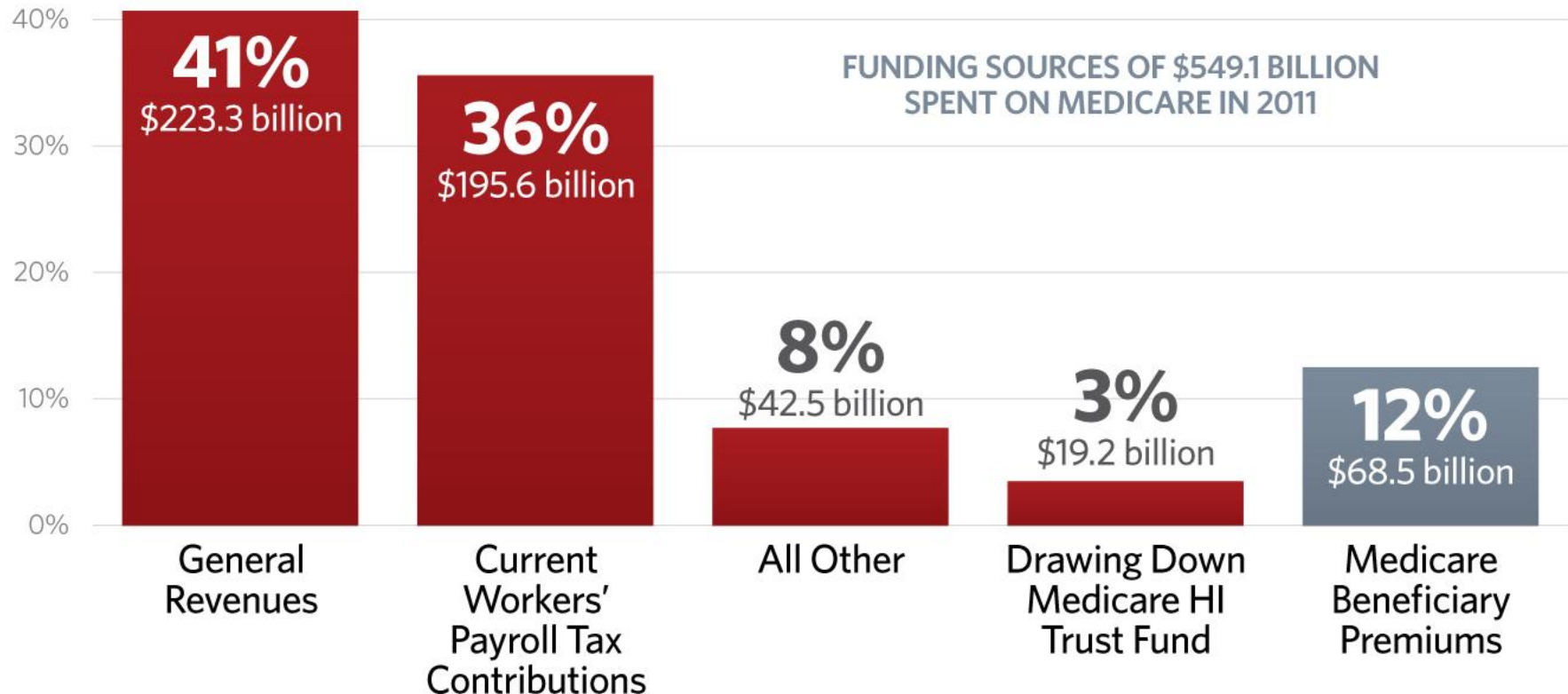
Entitlement spending is the main cause of long-term runaway federal deficits. Medicare is the fastest-growing program due to retiring baby boomers and rising health care costs.

Source: Congressional Budget Office (Alternative Fiscal Scenario).



Medicare benefits are paid for by working Americans

Approximately 88 percent of seniors' Medicare benefits are funded by taxpayers. Medicare Part A is mandatory coverage funded by the payroll tax. But Medicare Parts B and D, which cover outpatient services and prescription drugs, respectively, are voluntary and funded primarily by general revenue.



Source: Medicare Trustees 2012 report.

The number of workers per Medicare beneficiary is falling

Workers' contributions to Medicare aren't set aside for their own retirement—they pay for *current* beneficiaries. A main cause of Medicare's growing insolvency is that the ratio of workers to beneficiaries is falling.

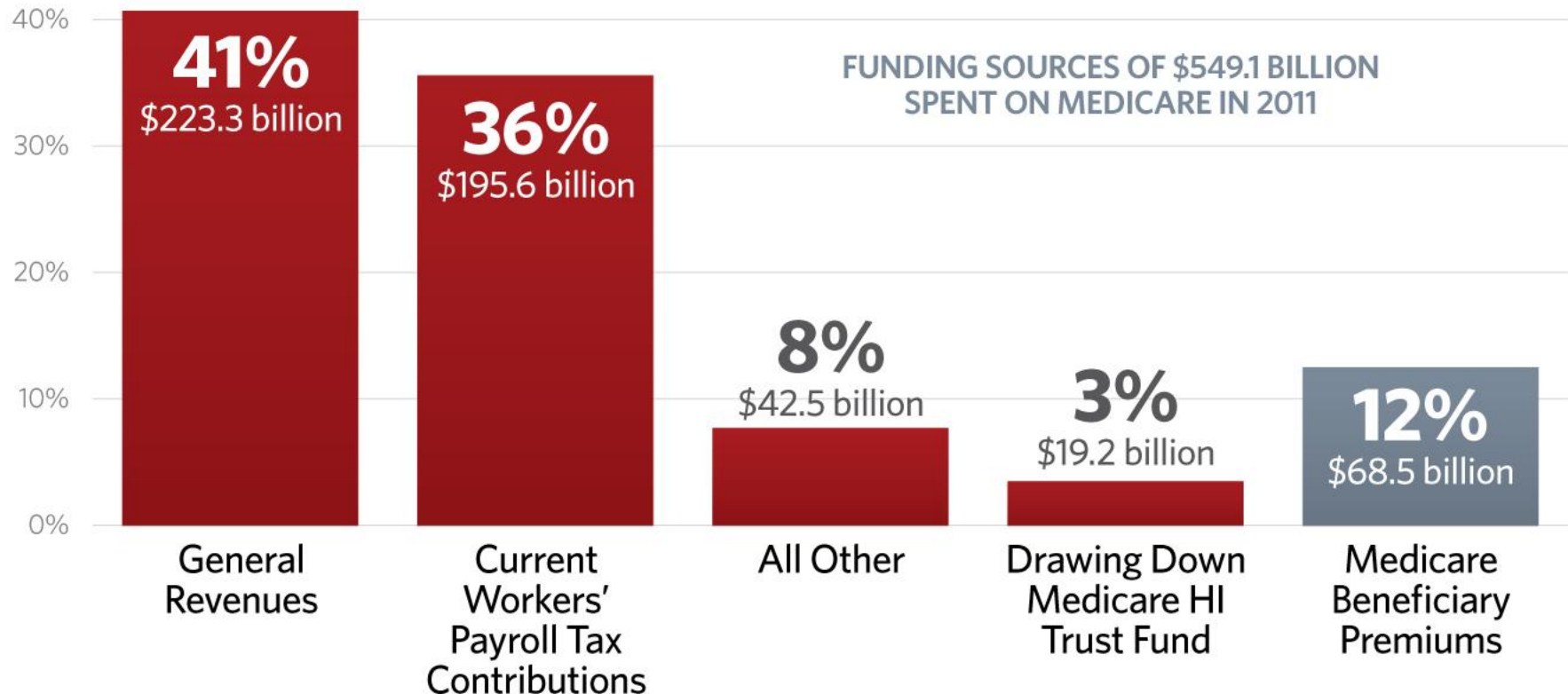
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