



# Unravelling the New World Order

*An Exposé of How Government, Religious, and Financial Insiders  
Are Deciding Your Future*

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## **Media CEO Offers a Strategy for the GOP: Protect Medicare While Adopting Sensible Reform**

By Marilyn M. Brannan, Associate Editor – IRN/USA News

Pollsters, pundits, and political strategists agree that Medicare is going to be a BIG issue in the 2012 election. 2010 exit polls showed that it was the senior voters who turned out in record numbers, and they voted overwhelmingly for the GOP. ObamaCare was a sore issue with most of these folks, and it is a sure bet that seniors will be watching closely in the months leading up to the 2012 election to see how the Republicans handle the issue of Medicare reform. The American people do not want to be force-fed a new system of healthcare insurance. Members of both parties are leery of being sold down the river on this issue—whether it be the radical ObamaCare program or a new and unfamiliar GOP version of Medicare reform.

You have to give Paul Ryan a lot of credit for being courageous enough to attempt real reform. His proposed Medicare reform ideas have much to recommend them, but offering reforms in a huge entitlement program such as Medicare is fraught with peril. The Democrats, lacking any good ideas of their own for reining in spending, simply lie in the weeds and wait for the Republicans to step into their trap. Predictably, the Democrats launched their sleazy “let’s scare seniors” Medicare ads soon after the Ryan Plan was introduced.

Most seniors are aware by now that under ObamaCare, cuts to Medicare amount to \$500 billion. Across-the-board rate cuts to hospitals and doctors under Obama’s plan are so drastic that Richard Foster, chief actuary of Medicare, felt led to warn that some hospitals may stop taking Medicare. There is also the provision to establish an independent “Payment Advisory Board” to determine what treatments for seniors are “unnecessary.” All these measures clearly indicate that seniors can expect rationed Democrats’ plan. And yet, it is the Republicans—according to President Obama and congressional Democrats and their cheerleaders in the liberal media—who are plotting to destroy Medicare.

Given the two options available—ObamaCare from the Democrats, or the Ryan plan proposed by House Republicans—is either plan likely to have the support of senior voters in 2012?

Let’s take a look.

### **Will We Throw Our Elderly Under the Bus?**

No one who is familiar with the numbers in the 2,000 pages of legalese that make up the ObamaCare law really believes that the draconian cuts in Medicare spending that President Obama and his healthcare advisors are touting are politically feasible. The idea that America will accept a system that intentionally relegates the elderly and disabled to an inferior system of healthcare may play well in Obama’s socialist, central planning scenario—but not with a majority of the American people. They understand that, inevitably, most of us (the exception being those who die young) face the prospect of becoming disabled, seriously ill, elderly—or all three.

Betsy McCaughey, Ph.D., former lieutenant governor of New York, patient advocate and outspoken critic of ObamaCare, had this to say: “Everybody knows that if you don’t pay to maintain and repair your car, you limit its life. The same is true with human beings. We need medical care to avoid becoming clunkers—disabled, worn out, parked in wheelchairs and nursing homes.

“For nearly a half century, Medicare has enabled seniors to get that care. But the Obama administration is changing that by launching a new “efficiency” measure that will discourage hospitals from expending resources on older patients. The measure was announced [the first week in June 2011].

“Hospitals will be evaluated based on ‘spending per Medicare beneficiary.’ Hospitals that spend more than average on a patient with a particular diagnosis get whacked with demerits, starting July 1. Financial penalties for the hospitals will follow in October 2012. Unfortunately, patients will feel the effects much sooner.” (McCaughy, “New Medicare ‘Efficiency’ Measure Deadly to Seniors,” Newsmax.com, June 3, 2011)

The Obama administration claims the new initiative will reward “efficiency,” but the reality is, hospitals will earn points for spending less—regardless of the consequences for the patient.

President Obama has said he can cut 30 percent from what Medicare spends on a patient without doing harm, but research suggests otherwise. The May 25, 2011, issue of the Journal of the American Medical Association reports on a study that shows that in regions of the U.S. where primary care doctors are in plentiful supply and spending per Medicare beneficiary is higher than average, patients are more likely to survive their illness (“Primary Care Physician Workforce and Medicare Beneficiaries’ Health Outcomes”).

And McCaughy cites an example in the early 1990s, when HMOs attempted to save costs by withholding payments from doctors and hospitals who failed to meet targets for lowering cost per patient. As the number of bad—even tragic—outcomes grew, state lawmakers concluded that withholding to save costs was too dangerous to patients, and they outlawed it.

Now, the Obama administration is reviving this stealthy “cost cutting tool” and using it against the most vulnerable patients, the elderly. Why stealthy? Because rationing is invisible. Patients won’t know what they might have gotten, or how much less they might have suffered.

Those who wrote the Medicare law (which took effect in 1965) wisely prohibited the federal government from interfering in treatment decisions. Doctors decided what patients needed, and Medicare paid for each treatment on a fee-for-service basis. Although this protection from government interference has been eroded somewhat, the new Obama initiatives are drastic. McCaughy puts it bluntly: “They destroy Medicare as we have known it.”

Most of us, understanding that Medicare is running out of money, would rather have an honest debate about how to extend the program’s financial solvency (which would include raising the eligibility age and encouraging competition among private insurers) than to impose a cynical program of hidden rationing while claiming to have “saved” Medicare.

### **Getting to The “Brass Tacks”**

How does ObamaCare cost-cutting impact the elderly? Let’s take the people reaching the age of 65 this year. Under ObamaCare, the average amount spent on these enrollees over the remainder of their lives will fall by about \$36,000 (at today’s prices)—a sum of money equivalent to about three years of benefits. For 55-year-olds, the spending decrease is about \$62,000—the equivalent of six years of benefits. For 45-year-olds, the loss is more than \$105,000, or nine years of benefits.

These reductions, in terms of just the dollars involved, are the equivalent of raising the eligibility age for Medicare to age 68 for today’s 65-year-olds; to age 72 for 55-year-olds; and to age 74 for 45-year-olds. But instead of keeping the system as is and raising the age of eligibility, ObamaCare law attempts to achieve equivalent savings by paying less to healthcare providers.

At this point, no one knows exactly how to quantify what ObamaCare cost-cutting measures will mean in terms of access to health care; but common sense tells us seniors will have trouble finding doctors who will see them and hospitals who will admit them. Once admitted, they will experience a lower quality of care and enjoy fewer amenities such as private rooms.

In August of 2010, the Office of the Medicare Actuary predicted that (1) Medicare will be paying doctors less than what Medicaid pays by the end of this decade, and (2) one in seven hospitals will have to leave the Medicare system. This is assuming implementation of ObamaCare as written.

Thomas Saving and John Goodman, writing for the Wall Street Journal, noted that the differences in spending between ObamaCare and the Ryan Plan are basically these:

(1) The spending path for ObamaCare depends on making healthcare providers absorb the losses for all future Medicare shortfalls. (The negative implications for this approach would, of necessity, include a reduction in the number of jobs in the healthcare industry and a consequent reduction in the quality and availability of healthcare. --Editor)

(2) Under the Ryan Plan, the government would make funds available so that future seniors could choose among competing private plans—much as Medicare Advantage provides insurance today for about one out of every four Medicare beneficiaries. As Rep. Ryan has repeatedly emphasized, anyone currently enrolled in Medicare, and adults who are now 55 years and older would not be affected by these changes.

Saving and Goodman say Ryan's plan is a good starting point, but they believe a successful overhaul of Medicare will require at least three additional elements:

1. First, there must be general system reform. You cannot realistically expect to hold senior healthcare spending way below everyone else's spending. Neither can we make taxpayers pay for all the healthcare of the future elderly. We must devise a reform that reduces the rate of growth of healthcare costs for everyone—young and old.

Interestingly, the best healthcare reform that has come to the table for the non-elderly is a plan Mr. Ryan has cosponsored with Sen. Tom Coburn (R-OK). It would give all Americans the same tax relief for health insurance and encourage market forces to constrain costs.

2. Second, if federal spending is to be contained, young people need to be able to save in tax-free accounts during their working years in order to replace the dollars they will not be getting from Medicare.

3. Finally, providers need to be able to repackage their services under Medicare in ways that lower costs and improve quality. Anyone who saves Medicare a dollar should be able to keep 25 cents (or some significant amount). Once that happens, private sector innovations will spring up.

### **A New Paradigm?**

Ryan's Medicare proposal comes at a time when there is heightened awareness over the nation's deficit, which is projected to increase to \$7 trillion over the next 10 years.

And, as Rep. Ryan has repeatedly emphasized, anyone currently enrolled in Medicare, and adults who are now 55 years and older would not be affected by these changes.

Still, Christopher Ruddy, conservative journalist and current CEO of Newsmax Media, is not comfortable with the Ryan Medicare reform package, which he says would replace the current Medicare program with a new "premium support" voucher system. Under the current system, members of Medicare are able to get basic coverage, which they can supplement with Medicare Advantage or private health insurance if they choose. But under the Ryan plan, Ruddy says, this system will end in 2021 and all Americans who turn 65 that year and after will be given vouchers to purchase health insurance on their own. He questions whether the dollar amount of the vouchers will enable tomorrow's seniors to buy a level of health care that today's Medicare beneficiaries enjoy.

Ruddy also states, "If this plan (Ryan Plan) is enacted into law, Medicare eventually will become fully privatized after the current program, which will remain in place for all those age 55 and over, is phased out."

### **Similar to Federal Employees' Health Benefits Program**

According to an article published by the Heritage Foundation, Ruddy's assessment is not fully accurate. Authors Riedl, Moffit and Boccia say "a voucher is usually a certificate of specified cash value that is redeemable for the purchase of goods or services. Under Ryan's House budget plan, seniors would instead choose health plans and the government would make direct and adequate contributions to the premium cost of the plans of their choice. This 'premium support' would go to Medicare-certified and -regulated plans that would compete in a Medicare 'exchange,' which Ryan himself has described as 'tightly regulated.'

*"In effect, this premium support system is broadly similar to the kind of system that Members of Congress and federal employees and retirees enjoy today in the widely popular and successful Federal Employees' Health Benefits Program (our emphasis).*

"As for 'privatization,' virtually all participating Medicare doctors and hospitals (except public hospitals) are private, a quarter of all seniors are enrolled in private plans in Medicare Advantage, and 60 percent of seniors already purchase drug benefits through private plans in Medicare Part D. So, in effect, the House budget proposal extends the successful Part D financing model to the coverage of benefits under Parts A and B" ("Ten Myths of Ryan's House Budget Plan," published at the Heritage Foundation, May 13, 2011).

Richard L. Kaplan, a professor of law at University of Illinois and an expert on retirement issues, says the Ryan proposal would allow future seniors to choose from a variety of plans with different benefits, different premiums, and different co-pays, transforming Medicare to make it resemble the types of health insurance plans that many employers currently offer to their employees.

The downside with a different health insurance paradigm such as the Ryan plan, of course, is that seniors will face a new array of plans, some of which may change their components annually. However, Kaplan points out that the present system is "no walk in the park either," as most seniors sign up for hospital coverage under Medicare part A, then decide whether they want to purchase Medicare Part B coverage for physicians' charges. They must then decide whether to add Medicare Part D for prescription drug coverage and possibly, a private Medigap insurance plan to pay for the deductibles and co-payment obligations of Medicare Parts A and B.

The transition to a new Medicare environment would doubtless be a challenge; but a new system of integrated benefit plans would be simpler, could be more effectively tailored to the needs of the individual healthcare consumer, and would offer a far better hope of putting the brakes on runaway healthcare costs.

Christopher Ruddy urges the GOP to adopt a common-sense approach that protects and improves the current Medicare without changing its basic structure. He strongly warns Republicans that their main focus should be on protecting Medicare against the ravages of ObamaCare, which he says is “far more harmful than anything Paul Ryan has proposed.”

His advice: “Ignoring the people’s will is generally not a good thing in a democracy.”

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