

- The Foundry: Conservative Policy News Blog from The Heritage Foundation - <http://blog.heritage.org>

Obamacare Robs Medicare of \$716 Billion to Fund Itself

Posted By [Alyene Senger](#) On August 1, 2012 @ 1:55 pm In [Health Care](#) | [23 Comments](#)

Last week, [a new Congressional Budget Office \(CBO\) report](#) ^[1] updated the amount of money Obamacare robs out of Medicare from \$500 billion to a whopping \$716 billion between 2013 and 2022.

According to the CBO, the payment cuts in Medicare include:

- A \$260 billion payment cut for hospital services.
- A \$39 billion payment cut for skilled nursing services.
- A \$17 billion payment cut for hospice services.
- A \$66 billion payment cut for home health services.
- A \$33 billion payment cut for all other services.
- A \$156 billion cut in payment rates in Medicare Advantage (MA); \$156 billion is before considering interactions with other provisions. [The House Ways and Means Committee](#) ^[2] was able to include interactions with other provisions, estimating the cuts to MA to be even higher, coming in at \$308 billion.
- \$56 billion in cuts for disproportionate share hospital (DSH) payments.* DSH payments go to hospitals that serve a large number of low-income patients.
- \$114 billion in other provisions pertaining to Medicare, Medicaid, and CHIP* (does not include coverage-related provisions).

*Subtract \$25 billion total between DSH payments and other provisions for spending that was cut from Medicaid and CHIP.

In total, Obamacare raids Medicare by \$716 billion from 2013 to 2022. Despite Medicare facing a 75-year unfunded obligation of \$37 trillion, Obamacare uses the savings from the cuts to pay for *other* provisions in Obamacare, not to help shore up Medicare's finances.

The impact of these cuts will be detrimental to seniors' access to care. The [Medicare trustees 2012 report](#) ^[3] concludes that these lower Medicare payment rates will cause an estimated 15 percent of hospitals, skilled nursing facilities, and home health agencies to operate at a loss by 2019, 25 percent to operate at a loss in 2030, and 40 percent by 2050. Operating at a loss means these facilities are likely to cut back their services to Medicare patients or close their doors, making it more difficult for seniors to access these services.

In addition, as MA deteriorates under Obamacare's cuts, many of those who are enrolled in MA (27 percent of total Medicare beneficiaries) will lose their current health coverage and be forced back into traditional Medicare, where Medicare providers will be subject to further cuts. The Centers for Medicare and Medicaid Services [chief actuary predicted](#) ^[4] in 2010 that enrollment in MA would decrease 50 percent by 2017, when Obamacare's cuts were estimated at only \$145 billion. Now that the cuts have been increased to \$156 billion (or possibly \$308 billion, as the [Ways and Means Committee estimates](#) ^[2]), MA enrollment will surely decrease even further.

But Obamacare's raid of Medicare doesn't stop with cuts; it includes a redirection of tax revenue from the Medicare payroll tax hike in Obamacare. The payroll tax funds Medicare Part A, the trust fund that is projected to become insolvent as soon as 2024. Obamacare increases the tax from 2.9 percent to 3.8 percent, which is projected to cost taxpayers \$318 billion from 2013 to 2022. However, for the very first time, Obamacare does not use the tax revenue from the increased Medicare payroll tax to pay for Medicare; the money is used to fund *other* parts of Obamacare, much like the \$716 billion in cuts are.

With a raid on Medicare of this magnitude, President Obama's assertion that his new law is protecting seniors and Medicare is astonishing. The truth is that Obamacare does the opposite.

Article printed from The Foundry: Conservative Policy News Blog from The Heritage Foundation:
<http://blog.heritage.org>

URL to article: <http://blog.heritage.org/2012/08/01/obamacare-robs-medicare-of-716-billion-to-fund-itself/>

URLs in this post:

[1] a new Congressional Budget Office (CBO) report: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43471-hr6079.pdf>

[2] The House Ways and Means Committee: <http://waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=304948>

[3] Medicare trustees 2012 report: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2012.pdf>

[4] chief actuary predicted: http://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/downloads/PPACA_2010-04-22.pdf