



NRLN 2018 “Grand Bargain” Proposal – Talking Points

There is Hope for our Kids and Grandkids - Protect Medicare and Social Security for 75 Years

9/11/2018

Social Security (SS) and Medicare Facts in Common:

14.5% of the US population was over age- 65 in 2015, grows to 21% by 2035, 25% by 2060 (100 million); SS and Medicare reserves will be depleted and benefit cuts are highly probable for those under age 65.

Congress blocked payroll tax hikes from 1983 to 2018 (35 years), strangling the life out of the Social Security and Medicare programs. Kicking the can down the road allowed them to be reelected.

Congress is subsidizing and privatizing Medicare and proposing SS benefit cuts; covering up for past inaction!

Social Security (SS) Unique Facts:

Workers and companies sustained SS by investing 12.4 % of salaries & wages; 99% of SS income. The over-age 65 population growth will deplete reserves by 2034. 17-21% benefit cuts are probable.

The SS Trustees 2018 report states that raising the payroll tax by 2.84% or finding the equivalent cash starting in 2018 would fund SS for 75 years - to 2093.

Medicare / Medicaid / CHIP Facts:

Workers and their companies paid 96% of the Medicare Part A Hospital Insurance (HI) trust income by investing 1.45% of worker taxable income matched by another 1.45% (2.9% total) from companies.

Rising healthcare costs, extensive subsidies paid to Medicare Advantage plan insurance companies and rapid growth of the over-age 65 population will deplete HI reserves by 2026. Congress is privatizing Medicare using cheap Medicare Advantage (MA) HMO plans, will drop them and let open market regional exchanges take over.

The Medicare Trustees 2018 report states that raising the payroll tax by .82% or finding the equivalent cash starting in 2018 would fund Medicare HI for 75 years - to 2093.

Enrollee Medicare B and D healthcare costs are funded by enrollee premiums (\$134 a month in 2018), deductibles, copayments and coinsurance, but federal income taxes fund 72% of B and D revenue (\$292 billion of \$405 billion total). Medicaid (\$375 billion) and CHIP (\$14 billion) add to the federal income tax obligation.

NRLN 2018 “Grand Bargain” Proposal: Hope for our Kids and Grandkids!

The NRLN Grand Bargain proposal is to close the Social Security and Medicare HI 75-year deficits gaps of 3.66%, and help fund federal Medicare B and D, and possibly Medicaid and CHIP obligations by these actions:

- Apply 12.4% rate on earnings over \$250,000 in 2019 and tax all earnings once current tax maximum reaches \$250,000. Do not provide benefit credit for earnings taxed over \$250,000. **2.19%**
- Invest 40% of OASDI reserves in equities (phased in 2018-2032) expecting 5.2% real-rate yield. **.39%**
- Reduce the 2018 \$141 billion Wrong and Improper federal payments, cut pork barreling; stop over appropriating funds to unauthorized programs; stop paying billions in subsidies to Medicare Advantage Plan health care insurers. Apply the 1st \$70 billion of savings to close Medicare HI and Social Security deficits **1.08%**
3.66%

Savings would be sequestered to protect them from being spent on other federal discretionary programs. Funds would be applied 1st to close the Medicare HI and Social Security combined deficit gaps totaling 3.66% and then be allocated to reduce the Medicare B and then the Medicare D, and then Medicaid and CHIP federal obligations.

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