



# Republican Study Committee Budget Proposal Decimates Social Security and Medicare

## The Importance of Social Security and Medicare

For decades Social Security has delivered guaranteed, lifetime benefits on time and without interruption to generations of Americans. Beneficiaries earn their Social Security by contributing into the system with every paycheck. Sixty-five million older Americans, people with disabilities and family members of deceased workers - one out of every five households - relies on Social Security.

Directly connected to Social Security is Medicare, the nation's largest and most successful health insurance system, that serves the health needs of nearly 57 million older Americans and just under 8 million beneficiaries with disabilities. Since 1965, Medicare has been the most financially efficient health care system in the U.S., delivering guaranteed coverage to millions who would otherwise have to forego health insurance later in life. Like Social Security, Medicare benefits are earned over a lifetime of work and are an essential component of a secure retirement.

## The Alliance Position:

We strongly believe that to continue to provide retirement security for current and future generations, Congress needs to strengthen and expand Social Security and Medicare benefits rather than reduce them.

## The Republican Study Committee Plan to Destroy Social Security and Medicare

The Republican Study Committee (RSC), a House Caucus consisting of 175 members out of a total Republican House Caucus of 222 members (nearly 80%), proposed a budget that would, if enacted, increase Social Security's full retirement age to 69 and subsidize private insurance options to compete with traditional Medicare, potentially transforming the program into a type of privatized voucher program.

The RSC's proposed budget cuts spending by \$16.3 trillion over 10 years and provides \$5.1 trillion in tax cuts to the wealthy over 10 years. The proposal, which is made up of over 220 individual bills and initiatives from RSC Members, would give away \$248 trillion in cuts currently scheduled to expire in 2025 by making individual tax cuts in the 2017 tax code overhaul permanent. This aspect of the proposal alone is estimated by the Congressional Budget Office (CBO) to add \$2.5 trillion to the deficit over the next 10 years. This is more than ironic given the hard fought enthusiasm the Republican Party demonstrated while attempting to enforce terribly strict budget spending limits during the debt ceiling debate.

The budget also calls for accelerated depreciation for construction projects, indexing capital gains taxes to inflation and other tax relief items. The RSC base budget authority for defense spending would increase from \$886 billion in FY 24 to \$969 billion in FY 33, while non defense spending, which includes spending for programs in HHS and other agencies that benefit older Americans, would decrease by nearly 30% over 10 years.

## RSC Budget Items Specific to Social Security and Medicare

Beginning in 2026, people 59 years of age would see an increase in the retirement age of 3 months per year. The retirement age would reach 69 for those who turn 62 in 2033. Additionally, the RSC budget proposal does not include plans to raise additional revenue, such as increasing payroll taxes or the cap on Americans earning high incomes.

With respect to the Medicare program, the budget proposes a "premium support" plan that would subsidize private insurance options that compete with traditional Medicare, eventually transforming Medicare into a privatized voucher program. Additionally, the budget makes disability beneficiaries wait for five years before becoming eligible for Medicare benefits instead of two, the current rule. And ominously, the budget would repeal provisions that allow Medicare to negotiate lower prescription drug costs.

The Alliance strongly rejects this approach and believes that any changes to Social Security and Medicare must start from the premise that the benefits the American people have earned and deserve are a sacred promise between workers and the government that must be kept intact and expanded for future generations.