



AGING & DISABILITY RESOURCE CENTER

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President Obama's Proposed Budget: How it May Affect Seniors

*April 2014 Press Release -submitted by Denise Grossman, Benefit Specialist**

President Obama's proposed budget for fiscal year 2015 was released in March. While it remains to be seen which portions of his budget will be adopted by Congress, the President outlined what he referred to as a roadmap for the agenda he detailed in his 2014 State of the Union address. Many of his proposals would have significant impact on some of the programs that support older people in Wisconsin.

Medicare

Perhaps unsurprisingly, given the great and rising cost of providing health services to seniors, President Obama's budget proposal includes significant cuts to the Medicare program. While the budget proposal references fiscal year 2015, many of the spending proposals are projected over a 10-year period. Starting in fiscal year 2015, President Obama's budget proposal includes cuts to Medicare of approximately \$407 billion over 10 years. The cuts would be largely comprised of the following components:

- Aligning Medicare prescription drug payments with Medicaid policies through additional rebates for low-income beneficiaries (saving \$117 billion)
 - Adjusting payment updates for certain post-acute care providers (saving \$98 billion)
 - Reducing Medicare coverage of bad debts (saving \$31 billion)
 - Increasing the Medicare Advantage coding intensity adjustment (saving \$31 billion)
- However, some of the proposals would directly affect seniors by shifting an additional \$68 billion in costs to Medicare beneficiaries over the next 10 years, as follows:
- Increasing income-related Medicare Part B and Part D premiums, eventually affecting beneficiaries with incomes as low as \$50,000 (saving \$53 billion)
 - Increasing brand name prescription drug copayments for Part D Low-Income Subsidy enrollees which will also likely lead to increased generic drug use (saving \$8.5 billion)
 - Increasing Part B premiums for beneficiaries who buy more generous Medigap policies (saving \$2.7 billion)
 - Requiring new enrollees to pay home health copayments (saving \$820 million) Social Security

An important provision in President Obama's budget is dropping the proposal to subject Social Security's cost of living increases to the chained CPI. Citing recent budget savings, the president stated this change would only be considered as part of a grand bargain on deficit reduction. While such a bargain is unlikely, the White House is no longer pursuing the proposal to link COLA increases to chained CPI.



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Additionally, the president has called for \$100 million in new investments to modernize Social Security Administration operations and improve services to reduce the increase wait times and local office closures that have resulted from more recent budget cuts.

Miscellaneous

Most programs under the Older Americans Act would receive continued funding under President Obama's proposal — with a few exceptions. First, the Senior Community Service Employment Program (SCSEP) would move from the U.S. Department of Labor to Health and Human Services and would see funding reduced by \$54 million. Also very notable, aging and disability resource centers would receive \$20 million each year for the next 5 years in new mandatory funding.

The White House is seeking \$25 million in new funding for elder justice and would make significant investments in coordinated data systems, support research, and to improve program strength.

President Obama's proposal also calls for a huge, \$625 million cut to the Low-Income Home Energy Assistance Program. This is in contrast to strong bipartisan support for the program which resulted in a funding increase of \$168.5 million this year.

To learn more, please visit: www.ncoa.org/public-policy-action/policy-news/presidents-budget-a-mixed.html?utm_source=headline&utm_medium=homepage&utm_campaign=headline_03-05-14

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