

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

### Common Ground on Entitlement Reform



### ***PANELIST'S***

***Judd Gregg***  
***Former Governor and Senator from New Hampshire***

***Edward Rendell***  
***Former Governor from Pennsylvania***

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

AREAS 1-3		ENTITLEMENT REFORM: PANELIST'S INPUT	
ENTITLEMENTS Social Security Medicare Medicaid Health Care	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<p><b>1. Current Realities:</b></p> <ul style="list-style-type: none"> <li>- Impact on well being</li> <li>- Impact on budget</li> <li>- Impact on deficit</li> </ul>	<ul style="list-style-type: none"> <li>• <b>We must protect the most vulnerable Americans, especially during time of high unemployment.</b></li> </ul>	<p><b>Agreements:</b></p> <ul style="list-style-type: none"> <li>• We need to protect the vulnerable with entitlements, yet limit the rate of growth with lead time for long-term changes                             <ul style="list-style-type: none"> <li>✓ Abrupt changes are counterproductive</li> <li>✓ Handle the second and third 10 year of issues that provides stability that foster growth</li> <li>✓ Phase in change over many years</li> </ul> </li> <li>• Don't let single phrases drive the discussion, especially when perspective must be gained to agree on solutions</li> <li>• Replace the counterproductive sequester</li> <li>• Tax reform is needed for fairness, as well as to generate significant revenue</li> <li>• 2.5 spending cuts to 1 increase in revenue for expenditures</li> <li>• If we can resolve this fiscal crisis then the strengths of America can once again flourish.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>We must control government spending if we want to prevent economic disaster that will imperil the wellbeing of millions of Americans.</b></li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

AREAS 1-3		ENTITLEMENT REFORM: PANELIST'S INPUT	
ENTITLEMENTS	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<p><b>2. Goals for Reform:</b></p> <ul style="list-style-type: none"> <li>- Security &amp; Fairness</li> <li>- Deficit Reduction</li> <li>- Economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Reforms should make the system more efficient, not deprive the needy of crucial services.</li> <li>• Gov't spending stimulates economy.</li> <li>• Deficit reduction comes via economic growth and tax reform.</li> </ul>	<p><b>Agreements:</b></p> <p>Don't set these goals against each other- seek to achieve a balanced way to achieve security &amp; fairness, deficit reduction, and economic growth!</p> <ul style="list-style-type: none"> <li>• For instance, seek government efficiency and bending the health cost curve are also important</li> <li>• Healthcare is crucial, but very complex with aging population and healthcare costs, but our present top down is very inefficient</li> <li>• Bottom up improvements work better than top-down / federally mandated / "staff-driven" changes                             <ul style="list-style-type: none"> <li>✓ Bottom-up specific healthcare efficiencies are being demonstrated in the medical profession</li> <li>✓ For example, real cost cutting as when hospital acquired infections are part of healthcare improvement</li> </ul> </li> <li>• Shared savings is a better way that comes with flexibility by healthcare providers and states in control of Medicare</li> <li>• Fixing Social Security is eminently doable, such as by CPI reductions, means testing, raising the age, and uncap tax</li> <li>• Go for what's politically doable- find ways to amend the Affordable Care Act. Make it work with a broad consensus that provides incentives / participants stake in the outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Gov't is inefficient provider of services. Tighter spending for entitlements forces bureaucratic efficiency and diminishes waste.</li> <li>• Private sector benefits when gov't's tax take falls.</li> <li>• Ballooning deficit threatens economy now and in future.</li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

AREAS 1-3		ENTITLEMENT REFORM: PANELIST'S INPUT	
3. How Achieve	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<p>– <b>Social Security</b></p>	<ul style="list-style-type: none"> <li>• Allow “chained CPI” and means testing to keep SS finances secure.</li> </ul>	<p><b>Agreements:</b></p> <p>Adopt Simpson Bowles: 4 key points</p> <ol style="list-style-type: none"> <li>1. Change CPI</li> <li>2. Change the bend points (means testing)</li> <li>3. Raising the age slowly over time, could even carve out based on income</li> <li>4. Uncap tax</li> </ol> <ul style="list-style-type: none"> <li>• Social Security could have been solve for 75 years, but the President and Congress allowed it to become a political issue</li> </ul> <p><b>Critical Factor:</b></p> <ul style="list-style-type: none"> <li>✓ Passing this type of legislation requires leadership, which provides cover for each side.</li> <li>✓ The President has to support the proposal and let Democrats, as well as Republicans know: “you can’t always get what you want, give a little to get the overall issue resolved over time, which provides stability now</li> </ul>	<ul style="list-style-type: none"> <li>• Increase emphasis on 401 (k)s and other defined contribution pension plans. Boost age trigger steadily toward 70.</li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

AREAS 1-3		ENTITLEMENT REFORM: PANELIST'S INPUT	
3. How Achieve	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
Medicare & Medicaid		The Medicare and Medicaid unfunded benefits is a liability of \$65 Trillion that exceeds our net worth	
- Medicare	<ul style="list-style-type: none"> <li>Don't tamper with benefits. Reform how care providers are paid, to foster efficiency.</li> </ul>	<p>Agreements:</p> <ul style="list-style-type: none"> <li>We must change the paradigm to <i>reward outcomes</i> vs. utilization. This can only best be achieved by using markets, especially with a carrot vs. the stick approach                             <ul style="list-style-type: none"> <li>✓ We need the will and ability to change the way services are paid for. Chronic diseases are now handled without management of the disease.</li> <li>✓ The alternative being used effectively in 10 states is the Wagner method whereby the payments go for real managed care with the patient's involvement.</li> <li>✓ A team proactively manages the patient care in light of the disease. This keeps people out of the hospitals.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Simplify or combine the Part A/Part B structure. Make consumers more cost-conscious, such as by shifting to "premium support" for buying insurance.</li> </ul>
- Medicaid	<ul style="list-style-type: none"> <li>Medicaid will grow under Affordable Care Act.</li> </ul>	<p>Agreements:</p> <ul style="list-style-type: none"> <li>We need to be careful about block granting Medicaid</li> <li>It is critical to move Medicaid to the states, but there must be a need capitation program that allows experimentation in the states which can provide greater flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Turn into a block-grant program to encourage state-level innovation and to cap federal liabilities.</li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		IN SUMMARY	
ENTITLEMENTS Social Security Medicare Medicaid Health Care	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<b>1. Current Realities:</b> <ul style="list-style-type: none"> <li>- Impact on well being</li> <li>- Impact on budget</li> <li>- Impact on deficit</li> </ul>	<ul style="list-style-type: none"> <li>• We must protect the most vulnerable Americans, especially during time of high unemployment.</li> </ul>	<b>Rethink our Current Realities</b> <ul style="list-style-type: none"> <li>• Change our perspective: We need to protect the vulnerable with entitlements, yet limit the rate of growth with lead time for the changes</li> <li>• Change our time view: Handle the 2nd &amp; 3rd 10 year of issues that provides stability that foster growth</li> <li>• Recognize role &amp; importance of Tax Reform Tax Reform is needed for fairness and to generate significant revenue</li> </ul>	<ul style="list-style-type: none"> <li>• We must control government spending if we want to prevent economic disaster that will imperil the wellbeing of millions of Americans.</li> </ul>
<b>2. Goals for Reform:</b> <ul style="list-style-type: none"> <li>- Security &amp; Fairness</li> <li>- Deficit Reduction</li> <li>- Economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Reforms should make the system more efficient, not deprive the needy of crucial services.</li> <li>• Gov't spending stimulates economy.</li> <li>• Deficit reduction comes via economic growth and tax reform.</li> </ul>	<b>Refocus our Entitlement Reform</b> <ul style="list-style-type: none"> <li>• Adopt Simpson Bowles (write congress)</li> <li>• It offered balance: 2.5 spending cuts to 1 increase in tax reform</li> <li>• Replace the counterproductive Sequester</li> <li>• We must change the paradigm to <i>reward outcomes</i> vs. utilization. This can only best be achieved by using markets, especially with a carrot vs. the stick approach</li> <li>• Find ways to amend Affordable Care Act: make it work with a broad consensus. Provide incentives / a stake in outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Gov't is inefficient provider of services. Tighter spending for entitlements forces bureaucratic efficiency and diminishes waste.</li> <li>• Private sector benefits when gov't tax take falls.</li> <li>• Ballooning deficit threatens economy now &amp; in future.</li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		IN SUMMARY	
ENTITLEMENTS	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<p>Social Security Medicare Medicaid Health Care</p> <p><b>3. How To Achieve These Goals</b></p> <p>Together seek a balanced way to achieve security &amp; fairness, deficit reduction, and economic growth!</p> <p>Overcome Impediments!</p> <p>Take advantage of Opportunities!</p>	<ul style="list-style-type: none"> <li>• New tax revenue should be part of any reform process.</li> <li>• Mend, don't end: We can make entitlements more efficient without hurting the elderly, children, and needy. Private sector has too much self-interest &amp; risk to do this.</li> </ul>	<p><b>Regenerate our Political Will</b></p> <ul style="list-style-type: none"> <li>• Don't let single phrases drive the discussion, when perspective can be gained Thoughtful discussion is needed to understand and resolve complex issues</li> <li>• Govern in a bipartisan way (congress is now in redistricted / base districts). Our situation requires presidential leadership, which provides power and protection</li> <li>• Pressure Point: Must be led by president! Congress must respond in a reasonable manner</li> <li>• Changed Political Climate: Politicians must tell their constituents the truth- people are more reasonable than we given them credit for</li> <li>• Resolve this fiscal crisis and the strengths of America can once again flourish!</li> </ul>	<ul style="list-style-type: none"> <li>• Taxes are high enough. Entitlements would just eat up new revenue.</li> <li>• Rethink and rebuild: Programs have grown too large to manage. Comprehensive reform – including privatization where appropriate – is needed.</li> </ul>

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

Common Ground on Entitlement Reform  
*PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR*



### ***COMMON GROUND COMMITTEE MISSION STATEMENT***

*TO PURSUE INITIATIVES THAT WILL REVEAL COMMON GROUND  
FOR FINDING TRUTH, CLARITY, UNDERSTANDING, AND PROGRESS  
ON ISSUES OF IMPORTANCE IN A CIVIL MANNER THAT DOES NOT  
REQUIRE COMPROMISE OF FUNDAMENTAL PRINCIPLES.*

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		COMMON GROUND ON ENTITLEMENT REFORM PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR		
ENTITLEMENTS Social Security Medicare Medicaid Health Care		ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS
<b>1. Current Realities:</b> <ul style="list-style-type: none"> <li>- Impact on well being</li> <li>- Impact on budget</li> <li>- Impact on deficit</li> </ul>	<ul style="list-style-type: none"> <li>• We must protect the most vulnerable Americans, especially during time of high unemployment.</li> </ul>		<ul style="list-style-type: none"> <li>• We must control government spending if we want to prevent economic disaster that will imperil the wellbeing of millions of Americans.</li> </ul>	
<b>2. Goals for Reform:</b> <ul style="list-style-type: none"> <li>- Security &amp; Fairness</li> <li>- Deficit Reduction</li> <li>- Economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Reforms should make the system more efficient, not deprive the needy of crucial services.</li> <li>• Gov't spending stimulates economy.</li> <li>• Deficit reduction comes via economic growth and tax reform.</li> </ul>		<ul style="list-style-type: none"> <li>• Gov't is inefficient provider of services. Tighter spending for entitlements forces bureaucratic efficiency and diminishes waste.</li> <li>• Private sector benefits when gov't's tax take falls.</li> <li>• Ballooning deficit threatens economy now and in future.</li> </ul>	
<b>3. How To Achieve Those Goals: Affordable economic security &amp; care?</b>  <b>Impediments? Opportunities?</b>	<ul style="list-style-type: none"> <li>• New tax revenue should be part of any reform process.</li> <li>• Mend, don't end: We can make entitlements more efficient without hurting the elderly, children, and needy. Private sector has too much self-interest &amp; risk to do this.</li> </ul>		<ul style="list-style-type: none"> <li>• Taxes are high enough. Entitlements would just eat up new revenue.</li> <li>• Rethink and rebuild: Programs have grown too large to manage. Comprehensive reform – including privatization where appropriate – is needed.</li> </ul>	

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		COMMON GROUND ON ENTITLEMENT REFORM PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR		
1. REALITIES Today's Entitlement Policy Impacts?	ENSURE GOVERNMENT for <b>ESSENTIAL ENTITLEMENTS</b>	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to <b>AFFORDABLE ENTITLEMENTS</b>	
<b>Impact on Well Being</b> – Social Security – Medicare – Medicaid – Health Care	<ul style="list-style-type: none"> <li>• These programs diminish elderly poverty, increase healthcare among elderly, poor, and uninsured.</li> </ul>		<ul style="list-style-type: none"> <li>• Growing cost of these programs impairs their quality, promotes dependency, and crowds out private sector spending.</li> </ul>	
<b>Impact on the Budget</b> – Social Security – Medicare – Medicaid – Health Care	<ul style="list-style-type: none"> <li>• Spending on entitlements is crucial to health and welfare of population.</li> </ul>		<ul style="list-style-type: none"> <li>• Entitlement spending is growing so fast it threatens to starve gov't spending in national security and other vital areas.</li> </ul>	
<b>Impact on the Deficit</b> – Social Security – Medicare – Medicaid – Health Care	<ul style="list-style-type: none"> <li>• While deficit eventually needs to be reduced, don't go too fast. Spending is helping economy recover.</li> </ul>		<ul style="list-style-type: none"> <li>• High deficits decrease confidence in US economy and saddle debt on our children and grandchildren.</li> </ul>	

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		COMMON GROUND ON ENTITLEMENT REFORM PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR		
2. Goals for Entitlement Reform	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS	
<b>Economic Security &amp; Care</b>	<ul style="list-style-type: none"> <li>Safety net is hallmark of a compassionate society, giving elderly, children, and poor access to basic needs of health care and economic security.</li> </ul>		<ul style="list-style-type: none"> <li>Government should provide “last resort” aid. Charities should make up the difference. Individual responsibility should be encouraged.</li> </ul>	
<b>Fairness</b>	<ul style="list-style-type: none"> <li>All Americans should have access to health care and should be cushioned from destitution if they lose jobs or age out of workforce.</li> </ul>		<ul style="list-style-type: none"> <li>Beyond funding a minimal safety net, the middle class should not have to involuntarily carry the needs of the less fortunate. Dependence should not be encouraged.</li> </ul>	
<b>Deficit Reduction</b>	<ul style="list-style-type: none"> <li>Deficit spending helps economy recover, boosting tax revenues. These eventually cut deficit. In a slowdown (absent new taxes) the deficit rises.</li> </ul>		<ul style="list-style-type: none"> <li>Because entitlements are locked into demographics (e.g., aging Baby Boomers), there’s little control over costs. We must reduce entitlements to reduce the deficit.</li> </ul>	
<b>Economic growth</b>	<ul style="list-style-type: none"> <li>When health care and income security are de-linked from employment, workers can relocate more easily to find jobs.</li> <li>Healthy workforce is more productive workforce.</li> </ul>		<ul style="list-style-type: none"> <li>Government spending militates against private-sector spending, decreases incentives, and results in higher taxes or ballooning debt. These all are a drag on economic growth.</li> </ul>	

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

KEY AREAS 1-3		COMMON GROUND ON ENTITLEMENT REFORM PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR		
3. How To Achieve Those Goals:	ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS	COMMON GROUND Make it Happen!	LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS	
<b>Affordable economic security &amp; care?</b>	<ul style="list-style-type: none"> <li>• Mend, don't end, entitlements.</li> <li>• Don't rush reforms.</li> <li>• Consider revenues as well as spending.</li> </ul>		<ul style="list-style-type: none"> <li>• "Mending" requires significant reforms.</li> <li>• Act soon or the economic cost grows.</li> <li>• If taxes go up very much, all Americans fare worse.</li> </ul>	
– <b>Social Security</b>	<ul style="list-style-type: none"> <li>• Allow "chained CPI" and means testing to keep SS finances secure.</li> </ul>		<ul style="list-style-type: none"> <li>• Increase emphasis on 401 (k)s and other defined contribution pension plans. Boost age trigger steadily toward 70.</li> </ul>	
– <b>Medicare</b>	<ul style="list-style-type: none"> <li>• Don't tamper with benefits. Reform how care providers are paid, to foster efficiency.</li> </ul>		<ul style="list-style-type: none"> <li>• Simplify or combine the Part A/Part B structure. Make consumers more cost-conscious, such as by shifting to "premium support" for buying insurance.</li> </ul>	
– <b>Medicaid</b>	<ul style="list-style-type: none"> <li>• Medicaid will grow under Affordable Care Act.</li> </ul>		<ul style="list-style-type: none"> <li>• Turn into a block-grant program to encourage state-level innovation and to cap federal liabilities.</li> </ul>	

# COMMON GROUND COMMITTEE PUBLIC FORUM: June 3, 2013

## Entitlements: Social Security, Medicare, Medicaid, & Health Care

<b>COMMON GROUND ON ENTITLEMENT REFORM</b> <b>PERSPECTIVES RESEARCHED BY CHRISTIAN SCIENCE MONITOR</b>			
<b>3. How To Achieve Those Goals:</b>	<b>ENSURE GOVERNMENT for ESSENTIAL ENTITLEMENTS</b>	<b>COMMON GROUND Make it Happen!</b>	<b>LIMIT GOVERNMENT to AFFORDABLE ENTITLEMENTS</b>
<b>– Health Care</b>	<ul style="list-style-type: none"> <li>• <b>Obamacare promises to expand insurance coverage to 30 million more Americans.</b></li> <li>• <b>Insurance exchanges enhance competition and consumer choice.</b></li> <li>• <b>Most workers will still have employer-paid coverage.</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Premiums are rising under Affordable Care Act. The solution to expanding coverage has to involve lower costs, not just a federal mandate.</b></li> <li>• <b>More needs to be done to promote competition among health providers.</b></li> <li>• <b>High risk of employers dropping coverage, or shifting employees to “part-time” status to avoid paying benefits.</b></li> </ul>
<b>Impediments</b>	<ul style="list-style-type: none"> <li>• .</li> </ul>		<ul style="list-style-type: none"> <li>• .</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• .</li> </ul>		<ul style="list-style-type: none"> <li>• .</li> </ul>