



Written by [Michael Tennant](#) on August 9, 2010

Medicare Actuary Debunks ObamaCare “Savings”

Medicare’s chief actuary Richard Foster has been a thorn in the side of both Republican and Democratic Presidents.

Back in 2003 he got on the Bush administration’s bad side by turning in an estimate of Bush’s Medicare prescription-drug program — then the largest new entitlement in a generation — that was significantly higher than the White House’s estimate. For that he was [threatened](#) by Medicare administrator Thomas A. Scully with termination for insubordination. The administration withheld Foster’s estimate until Congress had passed the bill.



During the recent debate over ObamaCare in Congress, Foster issued a [report](#) stating that national healthcare spending would rise by \$222 billion over the next 10 years if ObamaCare became law, noting also that if coverage were to begin immediately instead of in 2014, the spending increase would be much higher. He also pointed out that the new [long-term care program](#), used to make the balance sheet look better in ObamaCare’s early years because it will collect premiums for five years before paying any benefits, would likely be bankrupt by 2025.

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Foster’s latest salvo against expanded healthcare entitlements, [described](#) by the *Wall Street Journal* as “the most damning fiscal indictment to date of the Affordable Care Act,” comes in the form of an appendix to the annual Medicare trustees report — the report that Democrats are hailing as a vindication of ObamaCare because it seems to indicate that passage of that legislation has improved the outlook for Medicare.

However, as Foster explains in his appendix, the body of the report is unrealistic because it is premised on the law as written as opposed to what will actually happen in the real world. In other words, the main body of the report is bunk designed to make the law’s supporters look responsible. Foster recommends instead an “alternative scenario” drawn up by his office using more realistic assumptions.

In his alternative scenario Foster demolishes the notion that there are any real Medicare cuts in ObamaCare (aside from those in Medicare Advantage, hated by Democrats because it involves the private sector). The alleged cuts, writes the *Journal*, “exist only on paper and were written so they could pretend to reduce the deficit and perform the miracles the trustees dutifully outlined.”

The paper continues:

One of the fictions Mr. Foster highlights is the 30% cut in physician payments over the next three years that Democrats have already promised to disallow. Republicans would do the same, we hasten to add.

Another chunk of ObamaCare “savings” are [sic] due to cranking down Medicare’s price controls for hospitals and other providers that Mr. Foster says are also “extremely unlikely to occur.” In



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the absence of “substantial and transformational changes in health-care practices” — in other words, a productivity revolution in medicine that has never happened — costs will simply rise for private patients, or hospitals will refuse to treat seniors insured by Medicare. Congress will never allow that to happen either.

In other words, under ObamaCare the “cost curve” will not be bent as the White House has advertised.

Is anyone surprised?

Foster also estimates that Medicare’s share of the economy will grow by 60 percent over the next 30 years, as opposed to the 35-percent increase estimated in the trustees report. Either way is disastrous, but Foster’s is even more so.

“Politicians have deliberately written the ObamaCare rules, as they have for all entitlements, so the real costs are disguised and hard for taxpayers to figure out,” concludes the *Journal*, which then calls for Foster to receive some sort of recognition for his honesty in the face of such political pressure. Perhaps the best recognition Foster can receive, however, is being hated by both political parties. He must be doing something right.

Photo of Richard Foster: AP Images





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