



Written by [Joe Wolverton, II, J.D.](#) on August 5, 2013

Sen. Rand Paul's Medicare Reform Bill: \$1 Trillion in Savings in 10 Years

Senator Rand Paul (R-Ky.) introduced legislation on August 1 that would [change the cost and the function of Medicare](#).

Paul, a medical doctor, claims that his Congressional Health Care for Seniors Act (CHCSA) would "fix the Medicare system in its entirety," and save taxpayers \$1 trillion in the first decade after its enactment.

"As a doctor, I have had firsthand experience with the vast problems facing health care in the United States. Medicare, as we know it, is broken and in desperate need of reform. It is indefinitely \$43 trillion short and must be reformed now before it's too late. My plan fixes the Medicare system, and gives seniors access to the best health care plans enjoyed currently by Members of Congress and does so without breaking the bank," [Dr. Paul said](#). "Seniors deserve to have a world-class health care system, and U.S. taxpayers deserve to have their hard-earned dollars put to better use, in a system that will not eventually bankrupt this country."



In its analysis of Paul's proposal, [United Liberty reports](#):

Seniors would have access to a marketplace of various insurance plans that cannot deny coverage to anyone for any reason. While the government still pitches in with about three-quarters of the total costs, the open market makes it fairly less complicated for the senior to find a more inexpensive option, since companies will have to compete to meet the needs of growing numbers of customers. The Congressional Health Care for Seniors Act assures that there's a gradual raise in the Medicare retirement age, which would go from 65 to 70 over a generation, leading to a major cut in overall costs.

It is undeniable that Medicare pays out more in benefits than it takes in through payroll tax.

According to [a report in Forbes published in May](#):

The trustees of Medicare have stated that the promises they have made exceed their projected revenues by tens of trillions of dollars. Senator Tom Coburn (a physician in private life) has estimated that the average American couple contributes approximately \$110,000 to Medicare over their working careers and receives over \$330,000 of Medicare benefits. On Feb. 20, *USA Today* cited Urban Institute data pegging those same figures at \$88,000 and \$387,000, respectively.



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Additional data contained in a [report](#), the “2013 Annual Report of The Boards of Trustees of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds,” reveal that although total Medicare expenditures in 2012 were \$574.2 billion, total income was only \$536.9 billion. The program has been in the black since 2008. A report in 2012 indicated that the value of the so-called “trust funds” fell from \$324.9 billion to \$287.6 billion.

The 2013 report says:

The estimated depletion date for the HI trust fund is 2026, 2 years later than was shown in last year’s report. As in past years, the Trustees have determined that the fund is not adequately financed over the next 10 years.

Medicare’s actual future costs are highly uncertain and are likely to exceed those shown by the current-law projections in this report.

While Senator Paul’s bill would reduce costs of Medicare, it is likely a symbolic gesture and not one intended to end the “entitlement.”

The only constitutional thing to do would be to eliminate every program, department, “benefit,” and “entitlement,” not authorized by the Constitution.

Not everyone sees it this way, of course. The apparatchiks of the establishment would never allow this or any other sacred cow to be slaughtered in the name of liberty, the Constitution, or even deficit reduction.

In a speech to the World Health Organization, Health and Human Services Secretary [Kathleen Sebelius](#) presented the party line on the government’s commitment to perpetuation the socialized medicine schemes they adore:

Expanding access to health coverage is a responsibility belonging chiefly to national governments.

One goal that is particularly essential to health and development — and something that is a shared priority in the Americas and around the world — is universal health coverage. Advancing the health of our nations is a fundamental commitment we make to all our people. As President Obama recently reminded us, access to health care is “*not some earned privilege — it is a right.*” And that means we must work to ensure that everyone has access to the services they need.

Consider, to the contrary, this [analysis of Medicare](#) (and every other socialist program propped up by the federal government) provided by Laurence Vance of the Future of Freedom Foundation:

First of all, medical insurance or medical care in the form of Medicare or anything else (SCHIP, Medicaid, Obamacare), is not the responsibility of government. These are services that can and should be provided by the free market, just like dining, recreation, entertainment, and automobile repair are services provided by the market. Like all of the other welfare programs of the federal government, Medicare is an unconstitutional and illegitimate function of the federal government. It is socialistic and collectivist, it fosters dependency on the government, it shifts responsibility from the individual and his family to society and the state, it contributes to class warfare, and it crowds out real charity. It doesn’t matter if families and charities don’t pick up the slack (a very unlikely scenario) in the absence of government intervention in the market and someone goes without health insurance or health care. That doesn’t somehow magically make it the responsibility of government to provide someone with medical services. There is no right to health care that it is the duty of governments to provide or enforce.



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And second, Medicare is an income-transfer program, a wealth-redistribution plan, and a social-engineering scheme. A free and peaceful society is grounded in the nonaggression principle — that it is always wrong to threaten or employ violence against someone except in defense of one's person or property. But libertarians go a step further. They alone consistently apply this axiom to government as well. Medicare was established by government decree and has always been maintained by resource confiscation. Governments have nothing of their own to give anyone. The government cannot provide medical services for one American without first confiscating the resources of another American. Although participation in the system might be voluntary, the paying of taxes to support the system is mandatory. Refuse to pay and you face threats, fines, and imprisonment. But no American should be forced to pay for the health care of another American — not in a free society. No American has a right to the resources of another American, no matter what his income or need for medical services.

The redistribution of wealth under any name is [legal plunder](#) and therefore is immoral and unconstitutional. Merely “reforming” Medicare and other redistribution-of-the-wealth programs will not make them moral or constitutional, or solve the problems caused by them. Such programs must be phased out and ended through legislative efforts at the federal level or nullification efforts at the state level.

Photo of Sen. Rand Paul: AP Images

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