

Isn't Senator Conrad Supposed to be a "Deficit Hawk?"



Senator Kent Conrad has a long, admirable record as a deficit hawk. For years, he has advocated for fiscal sanity and smaller deficits, and he has served North Dakota well.

Now, federal spending is totally out of control: *trillion* dollar stimulus plans, government bailouts of big banks and car companies — and a \$1.4 trillion dollar deficit for this year *alone*. The national debt is scheduled to *triple* in the next 10 years. It's a fiscal train wreck.

On top of all this, Congress is considering a new \$900 billion health care entitlement, with some estimates saying it could actually cost more than \$2 trillion!

America can't afford it. And North Dakotans can't afford it.

Senator Conrad: how can you even *consider* this? You know better.

This is the greatest test of character and leadership of your career.

Will you simply follow the liberal spenders into another financial debacle? Or will you stop Washington from damaging our health care *and* our economy?

Please don't undermine your legacy with a series of reckless votes.

Just Vote "NO" on Government-Run Health Care



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CBO Estimate of Senate Health Plan

By Fiscal Year, in Billions of Dollars

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
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NET CHANGES IN THE DEFICIT¹

Net Increase or Decrease (-)
in the Budget Deficit

2	-14	-28	-58	-38	-11	14	11	1	-8	-136	-130
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Sources: Congressional Budget Office and staff of the Joint Committee on Taxation (JCT).

CBO on Senate Health Plan Reducing Long-Term Deficits

“...CBO expects that the bill, if enacted, would reduce federal budget deficits over the ensuing decade [beyond 2019] relative to those projected under current law – with a total effect during that decade that is in a broad range around one-quarter percent of GDP.

“...CBO anticipates that the legislation would probably continue to reduce budget deficits relative to those under current law in subsequent decades...”

**– CBO Analysis of Senate Health Reform Plan
November 18, 2009**

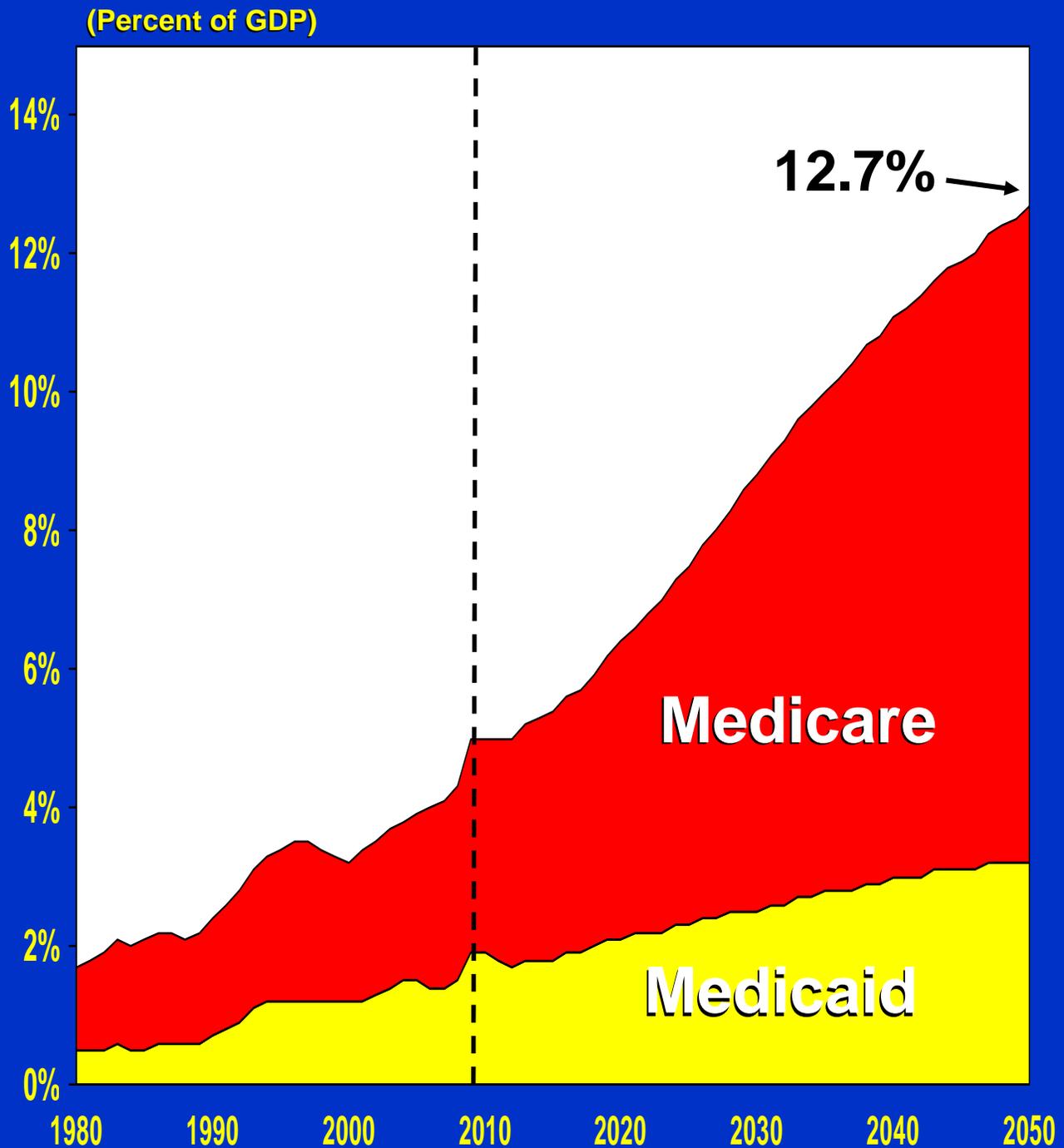
CBO: Senate Plan Could Reduce Deficits by 1/4 Percent of GDP in Second Ten Years

**0.25% of GDP
in 2020 - 2029 = \$650 Billion**

Sources: CBO, SBC

Note: \$650 billion figure is SBC calculation.

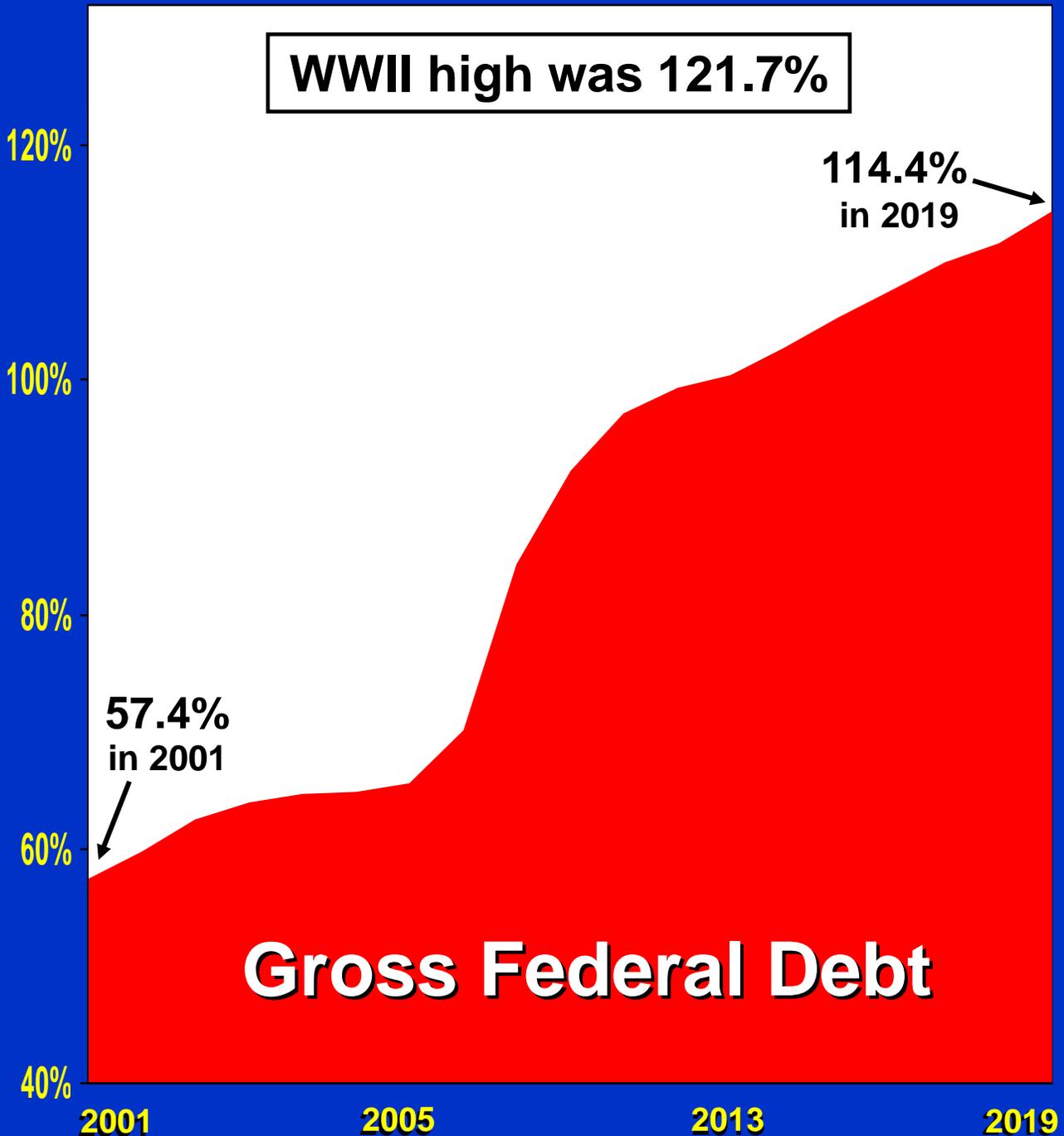
Medicare and Medicaid Spending as a Percent of GDP 1980-2050



Source: CBO Long-Term Budget Outlook, June 2009.
Note: CBO alternative fiscal scenario.

Gross Debt Approaches WWII Levels

(Percent of GDP)



Sources: OMB, SBC, CBO

Note: Gross debt calculations by SBC staff using CBO's "The Budget and Economic Outlook: An Update," adjusted for alternative policies: extension of 2001 and 2003 tax cuts, traditional tax extenders, AMT reform, and ongoing overseas military operations.

Medicare is Going Bankrupt

- **Went cash negative in 2008**
- **Insolvent in 2017 – 2 years earlier than forecast last year**

Medicare Savings Provisions Lower Cost Growth Without Harming Beneficiaries

- **reduces overpayments to private MA plans**
- **reforms health delivery system**
- **pays for quality rather than quantity**
- **improves payment accuracy**
- **cracks down on fraud and waste**
- **slows growth in reimbursements to providers (many of whom will benefit from 31 million newly-insured Americans)**

GOP Rhetoric on Deficit and Debt

“We’re heading down a dangerous road. It’s long past time for the administration and its allies in Congress to face the hard choices that Americans have had to face over the past several months. No more spending money we don’t have on things we don’t need. No more debt.”

**– Senate Minority Leader Mitch McConnell (R-KY)
Senate Floor Statement
October 14, 2009**

“...[W]e’ve got to reduce deficit spending to manageable levels and ultimately learn to live within our means, and the sooner the better.”

**– Senator Jon Kyl (R-AZ)
Weekly Web Column
November 9, 2009**

“This staggering deficit threatens our children’s and grandchildren’s future and simply cannot be sustained.... I call on my colleagues on both sides of the aisle to chart a different course toward real change and fiscal responsibility.”

**– Senator John McCain (R-AZ)
Press Release
March 20, 2009**

GOP Amendments to Senate Health Plan

- **McCain Amendment to eliminate Medicare savings – increasing deficit \$441 B**
- **Hatch Amendment to continue overpayments to Medicare Advantage plans – increasing deficit \$120 B**
- **Johanns Amendment to eliminate home health care savings – increasing deficit \$42 B**

Seniors Groups and Providers Respond to Medicare “Scare Tactics”

“Opponents of health reform won’t rest. [They are] using myths and misinformation to distort the truth and wrongly suggesting that Medicare will be harmed. After a lifetime of hard work, don’t seniors deserve better?”

– AARP
November 20, 2009

“The new Senate bill makes improvements to the Medicare program by creating a new annual wellness benefit, providing free preventive benefits, and — most notably for AARP members — reducing drug costs for seniors who fall into the dreaded Medicare doughnut hole, a costly gap in prescription drug coverage.”

– AARP
November 18, 2009

“Hospitals always will stand by senior citizens.”

– Federation of American Hospitals
November 20, 2009

“[We are] working to put the scare tactics to bed once and for all and inform patients about the benefits of health reform.”

– American Medical Association
November 20, 2009

“The possibility that hospitals might pull out of Medicare [is] very, very unfounded. Catholic hospitals would never give up on Medicare patients.”

– Catholic Health Association of
the United States
November 16, 2009

“ We are...very well aware of the positive impact health reform can have on the future of the Medicare program and its beneficiaries.”

– National Committee to Preserve Social
Security and Medicare
November 19, 2009

Bush Proposed Cutting \$481 B From Medicare

AN ANALYSIS OF THE PRESIDENT'S BUDGETARY PROPOSALS FOR FISCAL YEAR 2009

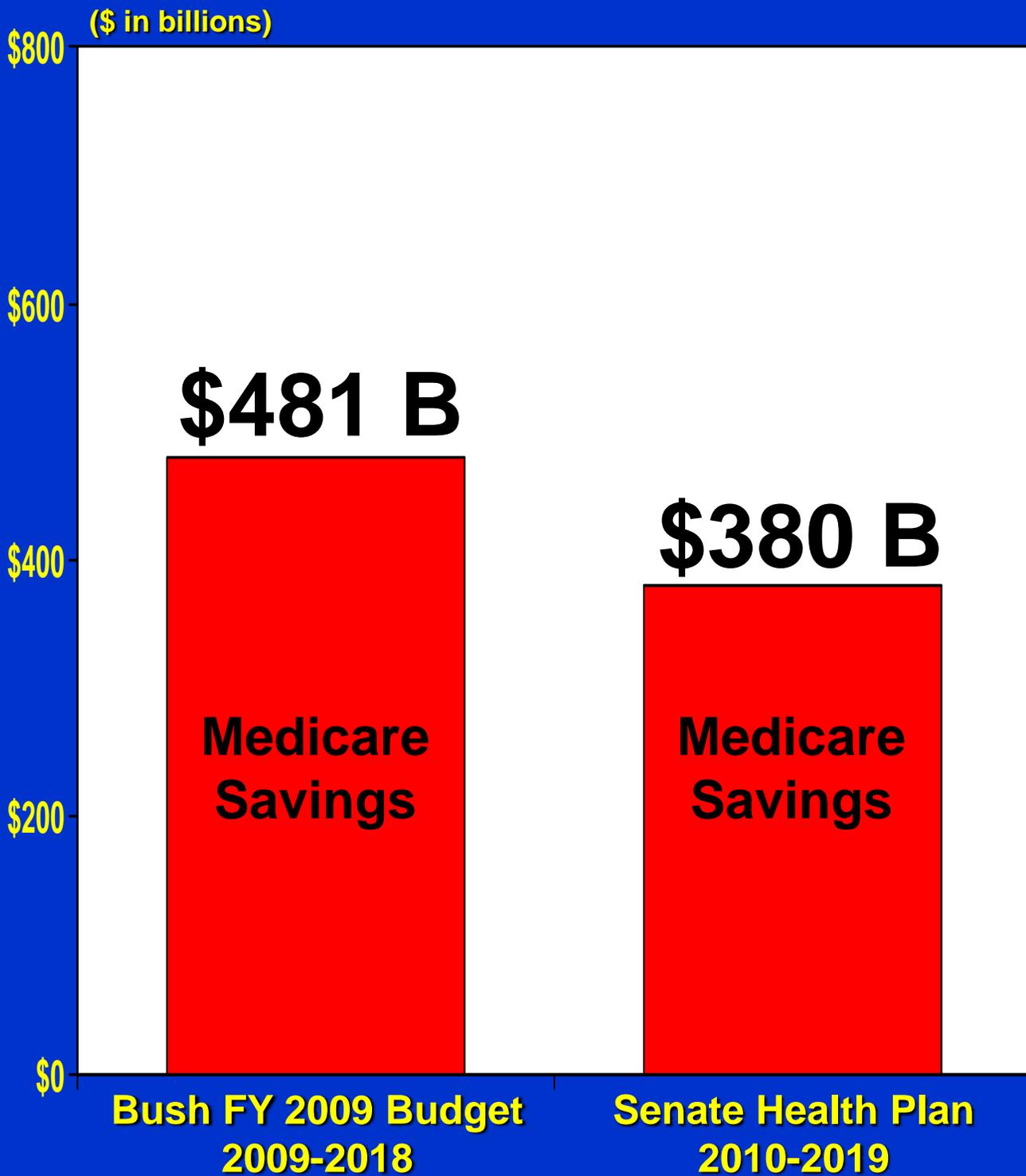
Table 1-3.

CBO's Estimate of the Effect of the President's Budget on Baseline Deficits or Surpluses

(Billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total, 2009- 2013	Total, 2009- 2018	
Outlays														
Mandatory														
Medicare		*	-9	-23	-34	-40	-46	-52	-58	-65	-73	-81	-151	-481

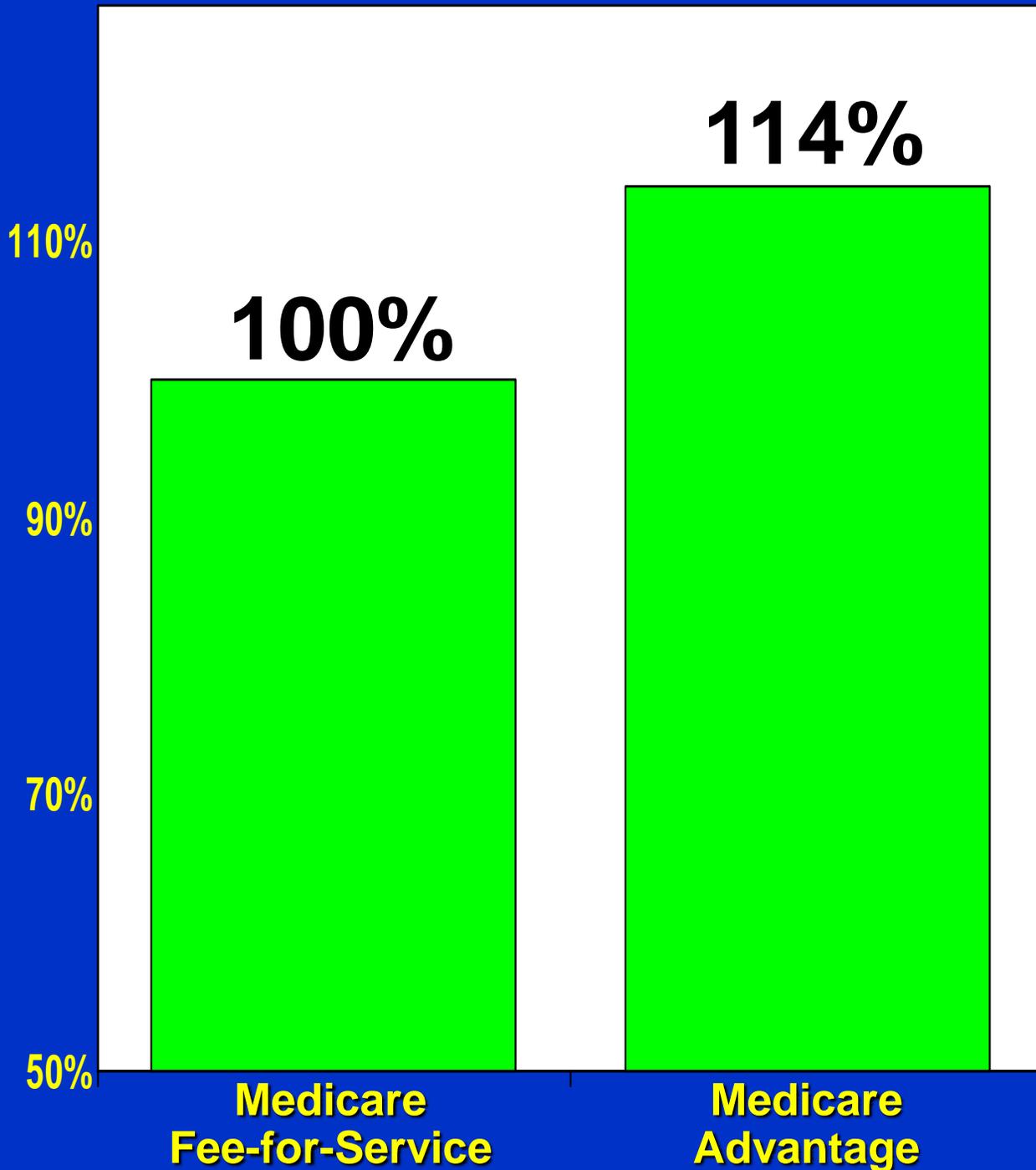
Comparing Medicare Savings Proposals



Sources: CBO, SBC

Medicare Advantage Plans Cost More than Traditional Medicare

(Percent of Medicare fee-for-service cost)



Source: MedPAC Report, March 2009
Note: National average

Medicare Advantage Contributing to Medicare's Fiscal Problem

“In 2009, payments to [Medicare Advantage] plans continue to exceed what Medicare would spend for similar beneficiaries in [fee-for-service]. MA payments per enrollee are projected to be 114 percent of comparable FFS spending for 2009.... This added cost contributes to the worsening long-range financial sustainability of the Medicare program.

“MA plans provide enhanced benefits to enrollees, but...the enhanced benefits are financed entirely by the Medicare program and by beneficiaries – and at a high cost. For example, each dollar's worth of enhanced benefits in [private fee-for-service] plans costs the Medicare program more than \$3.00.”

**– MedPAC Report
March 2009**

Taxpayers Pay 50 Percent More for Beneficiaries Enrolled in Medicare Advantage Plans in Some Areas

“[The Medicare Advantage pricing] benchmarks currently range from 100 percent to over 150 percent of local per capita spending in the fee-for-service [traditional Medicare] sector.”

**–CBO Analysis
November 21, 2009**