

# Bush Watch

## Medicare and Social Security

President Bush has spent the past three years trying to tear down the successful twin pillars of the nation's retirement security system: Medicare and Social Security. The Medicare prescription drug bill Bush pushed through Congress in 2003 provides skimpy coverage and reduces benefits now guaranteed by Medicare. At the same time, Bush continues the push to privatize Social Security, which would force deep cuts in guaranteed benefits to pay for individual stock accounts, affecting millions of America's retirees, people with disabilities and surviving family members of workers.

### Signed a Medicare Drug Bill That Threatens Seniors' Health Care

The Medicare prescription drug bill President Bush signed Dec. 8, 2003, is a serious setback for many of the nation's seniors. The new legislation actually prohibits Medicare from negotiating with the pharmaceutical industry for lower drug prices and provides no coverage for seniors' out-of-pocket prescription drug expenses between \$2,251 and \$5,100. Most seniors will end up paying more for the medications they need. Ultimately, the Medicare prescription drug bill does nothing to restrain the skyrocketing price increases faced by America's seniors and sets the stage for privatizing Medicare.

### Continues to Push to Privatize Social Security

On Dec. 11, 2001, President Bush's handpicked Social Security privatization commission issued its final report outlining three ways to privatize the nation's retirement system that

would require benefit cuts for most future retirees. Days later, privatizers on Capitol Hill began drafting legislation based in part on the report. An analysis of the commission's draft proposals by the Center on Budget and Policy Priorities and The Century Foundation notes, "all three plans would reduce traditional Social Security benefits," and "none of the three plans appears to restore long-term balance to Social Security." Bush repeated his intent to partially privatize Social Security in his 2004 State of the Union address.

### Made Misleading Claims About the Health of Social Security, Medicare

The Social Security and Medicare trustees—dominated by Bush administration officials—released their annual reports on March 23, 2004. By calculating Social Security and Medicare costs into infinity, the trustees' reports provided results that are "highly misleading," according to the Center on Budget and Policy Priorities. The reports predict that over an "infinite horizon," Social Security and Medicare face a multitrillion dollar shortfall. Yet experts say predictions into infinity are especially uncertain. With such projections, the trustees can point to large shortfalls that likely will mislead the public to believe the vital retirement programs are on the brink of disaster and need to be radically restructured. In fact, the Social Security trustees' report shows the program is fully funded through 2042 and will have enough money to cover 73 percent of benefits after that time, even without changes to strengthen the system.



### Threatened to Fire Medicare Official for Telling the Truth

According to *The Washington Post* and several other news reports on March 13, 2004, the Bush administration threatened to fire the chief actuary of the Centers for Medicare and Medicaid Services (CMS), Richard Foster, if he revealed to Congress the true cost of the Medicare drug proposal Congress passed in November 2003. The CMS's cost estimate for the Medicare prescription drug legislation was more than \$100 billion higher than the figure provided Congress. The Congressional Budget Office (CBO) told lawmakers the cost was \$395 billion, not the true cost—\$534 billion—as the Bush administration admitted in January 2004. In addition, Foster estimated the amount the government would pay HMOs was \$46.3 billion over 10 years, not \$14 billion as the CBO said. In June 2003, five months before Congress approved the bill, then Medicare Director Thomas Scully told the chief actuary he would be fired if he revealed the higher cost estimates to Congress.



### Used Taxpayer Funds for Misleading Ad Campaign on Medicare

In early 2004, the Bush administration began running a \$12.6 million nationwide television, radio, print and Internet advertising campaign—paid for with taxpayer dollars—that promotes the new Medicare prescription drug law by making misleading claims, according to the nonprofit Center for American Progress. In addition, a media firm that creates political ads for President Bush's reelection campaign was awarded part of the taxpayer-funded contract. The General Accounting Office (GAO) is investigating whether it was proper for the administration to send promotional videos to news organizations. So far, GAO has found that while the ads are legal, they "have significant omissions and weaknesses." The ads do not mention the law has enormous gaps in coverage, does nothing to control drug prices and was written more to benefit drug companies than seniors.



**“Bush is lying about Medicare. It’s going to be there, with some fixes. So will Social Security. If he wants to privatize Social Security, my money will be at the whim of the market.”**

—Dan Pehek  
Duluth, Minn.

Read more about the Bush record on Medicare and Social Security at [www.aflcio.org/BushWatch](http://www.aflcio.org/BushWatch)