

Minnesota Fast Facts for the Federal Budget Debate

Social Security, Medicare and Medicaid provide a critical lifeline for Minnesotans.¹

- 882,408 Minnesotans receive monthly Social Security checks, including 115,780 workers with disabilities and 59,076 children.
- 761,599 Minnesotans get their health care coverage from Medicare.
- 879,145 Minnesotans get their health care coverage from Medicaid, including 422,219 children and 96,039 seniors.

Social Security, Medicare and Medicaid combined deliver \$26 billion per year into Minnesota's economy.²

	Total Annual Benefits for Minnesotans	Average Annual Benefits for Minnesotans
Social Security	\$11.7 billion	\$13,252
Medicare	\$6.9 billion	\$9,002
Medicaid	\$7.4 billion	\$8,403

How do Minnesota's members of the Top 2% compare with the rest of us?³

	Average Income	Average Bush Tax Cut
Minnesotans Making More Than \$250,000	\$655,350	\$29,690
Minnesotans Making Less Than \$250,000	\$60,090	\$1,370

Block granting Medicaid would cost Minnesota billions.

The 2012 House Republican budget plan would cut federal support to Minnesota's Medicaid program by \$16.9 billion (23%) over 10 years.⁴

Increasing the Medicare eligibility age would substantially increase total health care costs, with the burden falling on individuals, employers and state governments.

- The extra costs that get shifted to payers other than the federal government—individuals, employers and state governments—as a result of increasing the Medicare age fully to 67 would be two times as much as the net savings to the federal government.⁵
- Two-thirds of people ages 65 and 66 would face higher out-of-pocket health care costs if the Medicare age were fully increased to 67, and people still covered by Medicare would see their monthly premiums go up by an additional 3%.⁶

The Bowles-Simpson plan cuts benefits for current and future Social Security beneficiaries in Minnesota.

- Bowles-Simpson cuts the cost-of-living adjustment (COLA) for all of today's and tomorrow's beneficiaries—retirees, people with disabilities and children—by 0.3 percentage points each year. By the time a retiree reaches age 80, the cuts total 5.1%, equivalent to \$852 a year less for an average earner and \$672 less for the typical single elderly woman relying on Social Security.⁷
- The Bowles-Simpson plan cuts benefits for middle-class workers by increasing the retirement age and cutting the basic benefit formula in addition to cutting the COLA, and those cuts grow significantly over time. A medium wage earner in her mid-40s today would be hit by a 4% benefit cut upon retirement at 65, totaling nearly \$600 per year. When Bowles-Simpson is fully phased in for future retirees, these cuts for medium earners will reduce benefits by nearly 20%, amounting to more than \$2,875 per year less.⁸

1 Social Security Works, *Social Security, Medicare and Medicaid Work* state-by-state reports. Social Security beneficiary statistics are for 2010. Medicare and Medicaid beneficiary statistics are for 2009.

2 *Id.*, Social Security figures are for 2010. Medicare and Medicaid figures are for 2009.

3 Citizens for Tax Justice calculations using the Institute on Taxation and Economic Policy (ITEP) tax microsimulation model, July 2012.

4 John Holahan, et. al, Kaiser Commission on Medicaid and the Uninsured, *National and State-by-State Impact of the 2012 House Republican Budget Plan for Medicaid*, t. 1 (October 2012). Change in federal spending figure applies to the program assuming the state does not elect to expand coverage under the Affordable Care Act. Since the federal government will pay nearly all of the costs of Medicaid expansion under the Affordable Care Act, a proposal applying the block grant to the expanded program very likely would result in a larger shifting of costs to the state.

5 Paul N. Van de Water, Center on Budget and Policy Priorities, *Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers*, p. 1 (Aug. 23, 2011). To examine the ultimate impact of increasing the eligibility age, the study on which this is based assumes full implementation of an increase from age 65 to 67 in 2014.

6 Kaiser Family Foundation, *Raising the Age of Medicare Eligibility: A Fresh Look Following the Implementation of Health Reform*, p. 9 (July 2011). To examine the ultimate impact of increasing the eligibility age, this study assumes full implementation of an increase from age 65 to 67 in 2014.

7 Joan Entmacher and Katherine G. Robbins, National Women's Law Center, *Cutting the Social Security COLA by Changing the Way Inflation is Calculated Would Especially Hurt Women*, p. 1 and t. 1 (June 2011).

8 Stephen C. Goss, chief actuary, Social Security Administration, Memorandum to Erskine Bowles and Alan Simpson, Dec. 1, 2010, t. B 1.