

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

2008 Presidential Candidate Questionnaire

Candidate Name: Barack Obama

Social Security

Social Security is our nation's most important and effective income security program. It is fully financed through 2041, and will be able to pay approximately seventy-five percent of expected benefits thereafter. Social Security faces both short-term and long-term financial challenges. In the near term, there will be increasing pressure to cut benefits as a means of reducing recurring federal deficits, even though Social Security does not contribute to the deficit. In the long term, the challenge will be to ensure that beneficiaries after 2041 receive their full, expected benefits.

	Yes	No
Do you oppose diverting money from Social Security into individual investment accounts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

How will your Administration address the challenges facing Social Security?

Candidate Response:

As someone who was largely raised by my grandparents, I recognize that Social Security is indispensable to workers and seniors, and it is probably the most important and most successful programs that our country has ever created. Tens of millions of seniors and their families have been lifted out of poverty because of Social Security, and two-thirds of beneficiaries depend on Social Security for more than half of their income. I remain committed to making sure Social Security is solvent and viable for the American people, now and in the future.

The underlying Social Security system remains strong, but the projected long-term cash flow of the program needs to be addressed. This is a real but manageable problem. But the longer we wait to solve the problem, the bigger it grows.

I will be honest with the American people about the long-term solvency of Social Security and the ways we can fix the problem. There are a number of ways to extend the Social Security trust fund, and I will come to the table with an open mind and listen to all those options. But I believe that benefits should not be cut, the retirement age should not be raised, but instead the wealthiest should pay a little bit more through a raise in the payroll tax ceiling to ensure that the most successful social program in history stays strong. I also believe that privatization of Social Security, which I have long opposed, is not a valid option for us to consider because it tears the fabric of Social Security – the idea of mutual responsibility – by subjecting a secure retirement to the whims of the

market, and that is not an acceptable way to strengthen this program.

Medicare: Prescription Drug Benefit (Part D)

The Medicare Modernization Act (MMA) established a prescription drug program administered by private companies and managed care organizations. MMA prohibits Medicare from offering a drug benefit directly and negotiating for the lowest prices possible for seniors.

	Yes	No
Will your Administration support creating a Medicare-operated prescription drug benefit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Do you support lessening the financial hardship of the donut hole?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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What reforms of the Medicare prescription drug benefit, if any, will your Administration support?

Candidate Response:

I strongly believe that rising prescription drug prices must be tackled, and that seniors who participate in the Medicare program should have access to affordable and safe prescription drug benefits. That's why I will close the so-called doughnut hole in Medicare prescription drug benefit program, and work to ensure that every senior receives an annual prescription drug report that details their prescription drug spending and outlines options for reducing annual spending on prescription drugs by switching to a new plan.

As president, I will also employ a three-tiered strategy to reduce the rising costs of prescription drugs for beneficiaries, all of which will impact the Medicare prescription drug benefit. First, I will support legislation permitting Medicare to negotiate prices for prescription drugs. I will repeal the ban on direct negotiation with drug companies and use the resulting savings, which could be as high as \$30 billion, to further invest in improving health care coverage and quality.

Second, I support drug reimportation. Pharmaceutical companies should profit when their research and development results in a groundbreaking new drug. But some companies are exploiting Americans by dramatically overcharging U.S. consumers. These companies are selling many of the exact same drugs in Europe and Canada for less than half the price that they charge Americans. I will allow Americans to buy their medicines from other developed countries if the drugs are safe and prices are lower outside the United States.

Third, I will encourage the increased use and development of generic alternatives. Some drug manufacturers are explicitly paying generic drug makers not to enter the market so that they can preserve their monopolies and charge Americans exorbitant prices for brand

name products. My health care plan will ensure that market power does not lead to higher prices for consumers. My plan will increase the use of generic drugs in Medicare, Medicaid, my new public insurance plan, and the Federal Employees Health Benefit Plan, and it will prohibit large drug companies from keeping generics out of the marketplace.

Medicare: Privatization

Medicare was originally designed to create a national insurance pool that would help make health insurance affordable for seniors. This goal has been eroded over time as Medicare has been increasingly privatized. The Medicare Modernization Act, in particular, not only created a privatized prescription drug benefit, it also included many long-term changes designed to privatize all of Medicare.

Will your Administration support eliminating unfair excess payments to private Medicare Advantage plans? **Yes** **No**

What other changes to strengthen the social insurance nature of traditional fee-for-service Medicare will your Administration support?

Candidate Response:

I do not support the Bush administration's efforts to privatize many aspects of the Medicare program, including creating Health Savings Accounts for Medicare beneficiaries, allowing the private sector to set the price for Medicare-covered prescription drugs and subsidizing the wasteful Medicare Advantage program. As a U.S. senator, I have called for rigorous policing of the insurance companies offering private health care plans under the Medicare Advantage program that have been found to exploit seniors through fraudulent marketing and enrollment practices as well as receive excessive subsidies from the federal government. I am seeking to eliminate the excessive subsidies that these private plans receive and I have proposed cutting these subsidies by as much as \$150 billion over the next decade, which will help level the playing field between these plans and the traditional fee-for-service Medicare program. I will redirect these savings into modernizing the American health care system, which will benefit not only all working Americans and their families, but also the long-term financial security of the Medicare program.

Medicare: Finances

The Medicare Trustees estimate that the Medicare Hospital Insurance Trust Fund (Part A) will be solvent until 2019, at which time payroll taxes will cover seventy-nine percent of the program's cost. According to the Congressional Budget Office, over the last thirty-five years, health care inflation has been the main factor driving Medicare's cost growth.

Yes **No**

Do you concur in the assessment that the Medicare challenge reflects the overall state of health care in our nation and is not a problem confined to the Medicare program itself?

Will your Administration support elimination of the 45% limit on general revenue contributions to Medicare enacted as part of the Medicare Modernization Act?

How will your Administration address Medicare's financial situation and the nation's health care cost crisis generally?

Candidate Response:

As the Congressional Budget Office has reported, the growth in Medicare expenditures is tied to the overall growth in health care costs in our nation. In order to strengthen Medicare, I believe that we must both tackle health care spending across our economy, which includes placing more focus on prevention and chronic care management, as well as eliminate wasteful spending in the Medicare program, including in the Medicare Advantage program.

As president, I will sign a universal health care bill by the end of my first term. My plan will lower costs for the typical family by \$2,500, cover the uninsured and lower costs to families and businesses. I will allow people who do not have access to group coverage through their employers or public programs (such as Medicaid, SCHIP, and Medicare) to buy into a national pool, which will offer a new public plan similar to the one I have as a member of Congress. My plan will also allow people to buy private plans that offer comprehensive benefits and meet quality standards. Federal subsidies will be made available to those who need it to make coverage more affordable. And employers will have access to reinsurance to protect them from volatile and high increases in the cost of insurance. Finally, my plan will mandate health insurance coverage for every child in America.

I will go after runaway health care costs by investing in information technology, focusing on preventive care, improving chronic disease management, increasing health care quality, reducing medical errors, and stopping price-gouging by drug and insurance companies. I have also proposed to cut subsidies provided by the Medicare Advantage program by as much as \$150 billion over the next decade. Together, these changes would mean a reduction in premiums of up to a thousand dollars a year for the average family, and would also save significant amounts of money for the Medicare program. The focus on prevention and chronic disease management will also ensure that retired and working Americans alike will benefit from improved health outcomes.

I believe that ultimately we are not short on ideas to address the problem, but what we have lacked is consensus and political will. Solving our health care crisis depends on transforming our politics, which is what I will do as president.

Federal Budget

The overall health and well-being of both current and future generations are dependent upon today's fiscal policy decisions. Continued deficit spending will double our gross national debt from \$5.8 trillion in 2001 to a projected \$11.5 trillion in 2012, imperiling our global competitiveness and our obligations to all generations.

What steps will your Administration take to bring the federal budget into balance?

Candidate Response:

I am committed to restoring fiscal discipline and reforming our current budget and tax system. The most important first step we can take on that path is to restore pay-as-you-go (PAYGO) spending rules so that we do not dig ourselves into deeper debt. My priorities will not increase the deficit. I will pay for each of the investments I call for by either cutting other spending or finding new revenue sources. If in the end I can't find enough offsets to fund all of my priorities, I will prioritize them. I will protect the tax cuts for the middle class, but I will repeal the unnecessary tax cuts for oil and gas companies and for the wealthiest Americans.

I will also end the abuse of wasteful, no-bid contracts outsourcing critical government services to friends and supporters who are more connected than they are qualified. I will prohibit no-bid federal contracts above \$25,000 unless the contracting official provides clear, written reasoning as to why the contract should be awarded on a no-bid basis.

I will end wasteful federal spending. I will work to end federal subsidies to wealthy corporations such as oil and gas companies, the private sector student loan industry that favors banks over students, and the private sector Medicare reimbursement program.

And finally, I will make revenue-neutral investments in our economy, paid for by other spending cuts or revenue increases, to control spiraling health care, infrastructure housing and energy costs -- over the next few years and decades, these investments will help grow the American economy and reduce federal spending in the future.

Medicaid and Long-Term Care

Because of the high cost of long-term care and because most people do not have long-term care insurance, Medicaid provides a safety net for individuals requiring long-term care assistance. In 2005, Medicaid was the primary source of long-term care financing, providing forty-nine percent of national spending for nursing home care and home- and community-based long-term care. But Medicaid provides long-term care assistance only after life savings have been depleted to meet eligibility requirements. As the baby boom generation ages, the rising demand for long-term care will increase and will continue to

strain families and the Medicaid program.

How will your Administration address our nation's long-term care problem?

Candidate Response:

As president, I will work to reform the financing of long term care to protect seniors and families from impoverishment or debt. I believe that the federal government should support state-level reform efforts to constrain Medicaid costs such as negotiating for low drug prices, implementing disease management and quality initiatives, and offering greater support for community-based, long-term care services. These efforts will help strengthen the Medicaid program over time, and can be used with other elements of my national health care plan to assist long-term care concerns.

I will also work to give seniors choices about their care, consistent with their needs, and not biased towards institutional care. While progress has been made, the long-term care system is heavily biased towards institutional care—even though most people would rather remain at home—and the quality of care is often poor. Moreover, nursing home and home care are very expensive, and federal coverage for both is limited, making catastrophic expenses routine. I will honor and support the family members who take care of their elders. I will work to improve the quality of elder care, including by giving our long-term care and geriatric workforce the respect and support they deserve, training more nurses and health care workers in geriatrics, and researching and training health care professionals to better understand and manage pain.

Pensions

Today's workers find it increasingly difficult to prepare adequately for their retirement years. About one-half of our nation's employees work for employers who do not offer any type of retirement plan. Employers who do offer plans increasingly are shifting from guaranteed defined-benefit plans to less stable defined-contribution plans, such as 401(k) plans, leaving employees' retirement savings vulnerable to the volatility of the stock market. Even when employees participate in their plans, stagnant wages, frequent job changes and market downturns make it difficult to accumulate meaningful account balances.

What pension reforms will your Administration promote to enhance coverage, participation and pension protection in both defined-benefit and defined-contribution pension plans?

Candidate Response:

First, to secure pension promises already made by employers, I will insist that companies keep the promises they made to their employees. As a U.S. senator, I worked closely with Senator Richard Durbin (D-IL) and the Association of Flight Attendants to help protect flight attendants' pension plans during the United Airlines bankruptcy crisis. I

support amending bankruptcy laws to keep companies from filing for Chapter 11 in order to shortchange workers. I have also supported new rules to force companies to properly fund their pension plans so taxpayers don't end up footing the bill. I also voted to shore up the funding of the Pension Benefit Guaranty Corporation, the federal agency that guarantees retirees receive at least some of their pension monies if their companies go out of business.

Second, to enhance coverage and participation in defined-benefit and defined-contribution plans, I will work to make retirement saving easier, cheaper and more automatic for middle-class and working people who get only minor tax benefits to save. In the U.S. Senate, I have sponsored the Save More for Retirement Act with Senator Jeff Bingaman (D-NM). The bill provides incentives for automatic enrollment in 401(k)s. In one study, automatic enrollment increased participation from 12 percent to 79 percent for low-income workers new to the company. I support efforts to provide incentives for automatic enrollment in 401(k) programs, establish automatic enrollment in IRAs for employees who are not covered by 401(k) plans, and expand and improve the Saver's Tax Credit to help more low and moderate income households save.

Conclusion

Is there anything you would like to add on your background or on issues of importance for the consideration of NCPSSM members?

Candidate Response:

One of the most important issues in this election is how we can make sure that after a lifetime of hard work and honest living, folks are rewarded with a secure and dignified retirement. This issue is a personal one for me. I was raised by my grandparents. They were America at its best. My grandfather enlisted after Pearl Harbor, and my grandmother did her part, serving on a bomber assembly line during World War II. They worked hard all their lives and they earned a secure retirement.

But the fact is a secure retirement is being threatened today. Part of the reason is rising costs. Americans feel the pinch every time we fill up a tank of gas because the price at the pump has tripled over the past several years. Our seniors feel it every time they go to the pharmacy and find that they're paying more for the same drugs than they were this time last year.

That's why last month, I announced my tax cut for America's seniors. It's a plan that will eliminate income taxes for about 7 million seniors making less than \$50,000 a year. And twenty-two million more won't even have to file a return, which also means they won't have to hire an expensive accountant.

But if we're serious about making retirement security a reality, then this tax break is not enough. We also have an obligation to protect Social Security and ensure that it's a safety net the American people can count on today, tomorrow and forever. Social Security is the cornerstone of the social compact in this country. It's lifted tens of

millions of older Americans and their families out of poverty. So we know what a difference it makes in people's lives.

But conventional thinking in Washington says Social Security is the third rail of American politics. It says you should hedge, dodge, and spin, but at all costs, don't answer. I reject that notion. I think that on issues as fundamental as how to protect Social Security, a candidate for President owes it to the American people to tell us where they stand. Because you're not ready to lead if you can't tell us where you're going.

Responses or questions pertaining to the Candidate Questionnaire should be addressed to:

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