

# Facing fiscal realities — with a clear plan

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**By: Paul Ryan**

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With all eyes on the storms in the Gulf and the spectacle of the political conventions, Americans have yet to hear how our nation's next president plans to tackle our most pressing fiscal crisis: the explosion of entitlement spending. By failing to address the 'storms on the horizon' posed by the imminent collapse of Social Security, Medicare and Medicaid, we are failing the next generation of Americans.

I stand strongly behind Sen. John McCain and Gov. Sarah Palin, real reformers with a proven record of shaking up the status quo. McCain and Palin are uniquely poised to end the federal government's shameful practice of making promises it knows it can't keep.

Our social insurance programs of the past century — those that promise health and retirement security — are headed toward bankruptcy. Not only will these programs grow themselves into extinction, they will immensely burden our economy and our budget by piling massive amounts of debt on future generations, crippling our ability to compete in the international marketplace, and dramatically reduce Americans' standards of living.

To meet this challenge and secure our fiscal future, I have introduced a comprehensive legislative plan called "A Roadmap for America's Future." Here are its components:

**Health insurance.** Reducing the costs of health care is my first priority. My plan establishes transparency in health care price and quality data, so this critical information is readily available before someone needs health services. If people know up-front what services cost and who provides the best service, health care providers will be forced to lower prices and provide better service in order to attract patients.

My plan provides universal access to affordable health insurance by restructuring the tax code, allowing all Americans to secure an affordable health plan that best suits their needs. Sen. John McCain has put forth similar health care reforms that shift the ownership of health coverage away from the government and employers to individuals. Individuals will be able to buy insurance offered by any provider in any state — not just the one where they live — and carry it with them if they move or change jobs.

If you're really sick or have a disease that makes it hard or impossible for you to get insurance, the state will help you enroll in and help pay for a health insurance plan.

**Medicaid and Medicare.** My plan secures the existing Medicare program for those over 55, so Americans can receive the benefits they planned for throughout most of their working lives.

Those 55 and younger will, when they retire, receive an annual payment of up to \$9,500 to purchase health coverage — either from a list of Medicare-certified plans or any plan in the individual market, in any state.

The \$9,500 payment is adjusted for inflation and based on income, with low-income individuals receiving greater support. It is also risk-adjusted, so those with greater medical needs receive a higher payment.

The Roadmap also modernizes Medicaid by giving states maximum flexibility to tailor their Medicaid programs to the specific needs of their populations. It also allows Medicaid recipients to avail themselves of the health coverage options open to everyone else through the tax-credit option.

**Social Security.** Social Security will be preserved for current retirees and those 55 and older. My plan starts by ending the raid on the Social Security Trust Fund. Workers under 55 will have the voluntary option of investing over one-third of their current Social Security taxes into personal retirement accounts.

These personal accounts are the property of the individual and are thus fully inheritable. While they are likely to grow faster than the traditional benefit, there is a guarantee that no one's total Social Security benefits from the personal accounts will be less than if you had chosen to stay in the current system.

Combined with a more realistic plan for growth in Social Security benefits and an eventual increase in the retirement age, the Social Security program can thus become sustainable for the long term.

**Tax reform.** The current federal tax code is complex and burdensome and discourages economic growth. It cannot be fixed with incremental changes; it needs a complete overhaul.

To accomplish this, my plan offers individuals a choice of how to pay their taxes, either through the existing tax code or through a simplified code with a tax return that fits on a postcard. It has just two rates and virtually no special tax deductions, credits, loopholes and exclusions (except the health care tax credit). There is a generous standard deduction and personal exemption, so that a family of four would pay no taxes on the first \$39,000 of income. Taxpayers themselves choose which code serves them better.

On the business side, the bill gets rid of our uncompetitive corporate tax — currently the second highest in the industrialized world — and replaces it with a business consumption tax of 8.5 percent. It levels the playing field for American-made goods and services by removing taxes from American-made exports and putting an equal tax on foreign imports. It encourages companies to invest in America, promotes jobs here at home, and strengthens the paychecks of American workers.

**The Roadmap I'm offering is a real plan**, with real proposals, real numbers to back them, and real legislation (H.R. 6110) to implement it. The full plan can be viewed at [www.americanroadmap.org](http://www.americanroadmap.org).

I recognize this is an ambitious proposal. Not everyone will agree with every aspect of it, and that's fine. But it is my sincere hope that it will spur Congress and our nation's political leaders to move beyond simply rehashing the problem — to the politically difficult but critical task of debating, and implementing, actual solutions for the American people.

U.S. Rep. Paul Ryan, a Republican from Janesville who represents Wisconsin's 1st Congressional District, is ranking member of the House Budget Committee and also serves on the Ways and Means Committee. His Web site is [www.house.gov/ryan](http://www.house.gov/ryan).