

# Ryan's 'road map'

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Rep. Paul Ryan brings interesting ideas to the fore in what he calls his "road map for America's future," a plan to comprehensively deal with the nation's looming entitlement crisis.

We're hopeful that this legislation, unveiled this week, sparks real debate. That's because the entitlement crisis is real. On Social Security and Medicare, the government may be making promises it can't keep. And there is coherence in the issues that Ryan addresses.

On taxes, Ryan proposes a simplified tax code with two rates - 10% on income up to \$100,000 and 25% on higher incomes. This is much like a proposal by presidential candidate Fred Thompson earlier this year (borrowed from Ryan, actually) that the Urban Institute said would cause a \$5 trillion to \$7 trillion hit to tax revenues over 10 years. Ryan says Treasury figures say that this will raise as much revenue as the current system.

On Social Security, Ryan proposes offering workers under 55 the ability to invest one-third of their Social Security taxes into personal retirement accounts.

President Bush saw his version of this proposal crash and burn. But Ryan's plan does not totally privatize investment. Social Security will run this, he says, not your corner broker. Ryan imposes some "progressive indexing" (tying increases to prices, not wages) on future benefits. But we're not sure that the indexing, benefit cuts and raising the retirement age can make up the deficit between what is owed and what goes into the system, since it also includes a guarantee of no benefits lost.

On health care, Ryan says he achieves universality by providing a refundable tax credit of \$2,500 for individuals and \$5,000 for families.

Ryan ensures that the tax credit is spent on health care by triggering auto-enrollment at the state level. He says his plan would not diminish risk pooling (the concept that healthy people balance out the costs for the chronically ill) by helping states craft their own. People denied coverage because of pre-existing conditions can have their coverage subsidized, wherever they are.

Ryan's plan affords this tax credit by making employer contributions into health plans count as income for the employee. He envisions this being a bargain for low- to middle-income workers and an added cost to more well-to-do workers. We question whether his plan, even with transparency measures, adequately addresses cost containment, the real crux of affordable health care.

But presidential candidates in particular are skirting the issue of entitlements altogether. Whether his proposal flies or not, Ryan deserves praise just for putting a plan forward. There is some urgency on the matter.