



# Threats to Social Security, Medicare, Drug Prices, and Medicaid 2025

## Alliance for Retired Americans Position

The Alliance for Retired Americans strongly opposes all proposals to cut, repeal or privatize Social Security, Medicare, Medicaid, including making Medicare Advantage (MA) the default option for new retirees. Retirees have earned their Social Security and Medicare benefits over a lifetime of hard work and these program's benefits ensure older Americans receive the health care and income they deserve in retirement.

Since 1935, Social Security has delivered guaranteed, lifetime benefits on time and without interruption. Beneficiaries earn their Social Security by contributing to the system with every paycheck. Similarly, since 1965 Medicare has served Americans as the nation's largest and most successful health insurance system.

The Alliance also opposes proposals that would block grant or privatize Medicaid. Medicaid funds Long-Term Services and Supports (LTSS), which enables millions of older Americans to remain in their homes and pays for nursing home care for those who need it.

The Alliance opposes any changes to the Inflation Reduction Act's Medicare prescription drug provisions because they lead to significantly lower prescription drug costs for millions of Medicare beneficiaries.

Finally, the Alliance has serious concerns about the Trump "Department of Government Efficiency" or DOGE, chaired by billionaires Elon Musk and Vivik Ramaswamy. Senior House Republican Steve Scalise [said](#) in December 2024 that Musk and Ramaswamy told members of Congress that "nothing is sacrosanct" and cuts to Social Security, Medicare, and Medicaid would be discussed.

## Incoming Trump Administration Budget Plans

Although incoming President Trump has at times claimed that he would not cut Social Security, the Committee for a Responsible Federal Budget, a conservative think tank, released a report entitled "[U.S. Budget Watch 2024](#)," wherein they forecast that the tax and budget proposals Trump advocated while campaigning in 2024 would decrease the Social Security Trust Fund by \$2.3 trillion over ten years, and lead to automatic cuts in Social Security benefits by 33% beginning in 2035.

Key Trump proposals that would weaken Social Security's finances include:

- Ending the taxation of Social Security benefits, which would eliminate a revenue stream that could cost the program \$1 trillion over 10 years;
- Ending all taxes on overtime pay and tips, which could reduce payroll tax collection for Social Security from \$150 million to more than \$1 trillion over a decade;
- Imposing large tariffs on imports, which could lead to high inflation, thus increasing the amount of money that Social Security would have to pay in benefits because of automatic COLAs based on inflation;
- Deporting millions of undocumented workers, which could cost the Social Security Trust Fund hundreds of millions of dollars since many undocumented workers have Social Security payroll taxes deducted from their paychecks but do not collect or become eligible for program benefits.

### The Department Government Efficiency

The incoming administration's proposed Department of Government Efficiency known as the DOGE, although not a formal executive agency, may have significant impacts on government spending. The DOGE will make recommendations to Congress to shrink the federal bureaucracy, downsize its workforce, eliminate regulations and recommend \$3 trillion in federal spending cuts, according to co-chair Elon Musk. In addition to opposing cuts in benefits, the Alliance firmly opposes reducing the number of federal employees that administer critical programs like Social Security, Medicare and Medicaid.

### The Republican Study Committee

The Republican Study Committee (RSC), an influential House Caucus, proposed a budget that would cut mandatory programs by \$6 trillion over ten years last year.

The RSC is expected to introduce a nearly identical budget in the 119th Congress. Last Congress, their budget called for cuts to future Social Security retirement benefits and spending reductions in Social Security and Medicare. It also proposed 31% cuts to non-defense discretionary spending and if passed, would have forced devastating spending cuts to numerous services and programs that older Americans rely on.

The RSC budget and Social Security:

- \$1.5 trillion in benefit retirement and disability benefit cuts for millions of Americans; Increases the full retirement age to 69;
- Forces those applying for Social Security disability benefits to wait at least two months longer for a decision;
- Closes Social Security Administration (SSA) field offices and reduces the number of hours remaining offices are open.

The RSC budget and Medicare:

- Raises prescription drug prices for Medicare beneficiaries by removing Medicare's authority to negotiate prescription drug costs, allowing drug companies to raise prices without consequences;
- Repeals the \$35 per month insulin cap for Medicare beneficiaries;
- Repeals the \$2,000 out-of-pocket yearly cap on prescription drug costs for Medicare beneficiaries;
- Increases premiums for many beneficiaries.