



Threats to Medicare in Republican Budget Law

Republican Budget Law Cuts Medicare

The Republican budget signed into law by President Trump on July 4 harms the guaranteed Medicare benefits Americans have earned in three significant ways.

It triggers automatic, across-the-board [Medicare cuts](#) of \$490 billion over 10 years starting in 2027. This will affect all beneficiaries and every health care provider that accepts Medicare.

It also hastens the insolvency date for the Medicare Trust Fund by one year, from 2033 to 2032, and weakens the law requiring Medicare to negotiate lower drug prices with drug corporations.

Alliance Position

The Alliance for Retired Americans opposes all cuts to Medicare. Older Americans earned their Medicare benefits over a lifetime of hard work and the program's benefits ensure they receive the health care they deserve in retirement.

The Alliance calls on Congress to immediately pass legislation [waiving](#) the PAYGO provision to prevent the \$490 billion in cuts.

Since 1965, Medicare has served Americans as the nation's largest and most successful health insurance system. Today, Medicare provides health insurance for over 68 million Americans, including 61 million who are 65 years of age or older and over 7 million with disabilities under 65.

**Take action.
Tell Congress
to stop
automatic
Medicare
cuts.**



\$490 Billion Across the Board Cut

The tax cuts in this budget will increase the nation's deficit by at least [\\$3.3 trillion](#) over 10 years. The Pay-As-You-GO (PAYGO) budget law requires that deficit increases trigger automatic spending cuts.

Medicare is subject to PAYGO rules, and all payments to hospitals, doctors, other health care providers, Medicare Advantage plans, and standalone prescription drug plans will be reduced by four percent per year.

These cuts will make it more difficult for beneficiaries to get the care they need at a price they can afford. Some health care providers are likely to limit services to Medicare beneficiaries or stop accepting Medicare while beneficiaries could also face higher co-pays for medical services and prescription drugs.

Harms Medicare Trust Fund

The tax cuts in the Republican budget law mean less revenue going into Medicare's Trust Fund. As a result, it will [hasten the insolvency date](#) from 2033 to 2032.

American taxpayers who paid into Medicare for decades will be forced to pay more for less care unless Congress directs more funds into the system.

Weakens Medicare Prescription Drug Negotiations

The law creates a [new "orphan drug" loophole](#) that will block Medicare from negotiating lower prices for some high-cost prescription drugs and protects drug corporations' monopoly pricing power.

The Congressional Budget Office estimates that this carveout for the pharmaceutical industry will cost taxpayers nearly [\\$5 billion](#) over the next ten years.

It took 20 years for Congress to pass the law requiring Medicare to negotiate lower drug prices with pharmaceutical corporations. This provision chips away at the heart of that law which is already saving seniors money. We will continue to oppose any measure that weakens the Medicare drug price negotiation law.