



The Daily Dish

What's Wrong with The Affluent CHIPping In?

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Eakinomics: What's Wrong with The Affluent CHIPping In?

The Children's Health Insurance Program ([CHIP](#)) has been a popular, bipartisan program since its inception. Unfortunately, it lapsed at the end of September and needs a rapid reauthorization to ensure that no state runs short of funds for the program. You would think, then, that passage in both the House and Senate (where it will require 60 votes and, thus, support from Democrats) would be an easy lift. Alas.

No objection arises from the idea of reauthorizing the program, but when it comes to paying for CHIP the opposition enters a parallel universe. First, there should be no objection to paying for the program; there is already enough [red ink](#) in the federal fiscal future. Second, the idea of cutting other spending to offset the CHIP program is a no-brainer — rising mandatory spending is the federal budget problem. But weirdly, the notion that a handful of affluent retirees would lose their Medicare subsidies is somehow viewed as a problem.

Here's the deal. Under current law Medicare beneficiaries that have incomes of \$160,001 and above (\$320,001 and above for a couple) pay 80 percent of their premiums for Medicare Parts B & D. Remember, these are retirees that are somehow still making three times the median income in the United States and receiving a discount on their Medicare. The CHIP reauthorization would increase the percentage to 100 percent — no subsidy — for those with income above \$500,000 (\$875,000 for a couple filing jointly). Remarkably, there is opposition to the bill because of this reduction in Medicare spending.

Think about it. Should childrens' health insurance be held hostage so that people making half a million dollars in retirement would not have to pay about \$100 more per month for Medicare?

This makes no sense. This is hardly a new idea, having already been implemented in some form in the Medicare Modernization Act, the Patient Protection and Affordable Care Act, and the Medicare Access and CHIP Reauthorization Act. It is hardly a partisan, Republican idea as it was included in President Obama's FY2013, FY2014, FY2015, FY2016, and FY2017 Budget proposals. And it is hardly going to affect anyone. In 2015, fewer than 500,000 Medicare beneficiaries had incomes over \$214,000 — there are only a handful at twice that level.

If the proposal was to tax these same individuals, progressives couldn't vote yes fast enough. But the irrational refusal to touch entitlements now endangers a key pillar of the social safety net.