

Finally – the biggest catalyst to the long-term care insurance market has happened since January 1, 1997 when LTCI tax incentives became effective!! Notice the highlighted sections below that point out why it is so necessary to curtail Medicaid planning so that Medicaid is there for the truly poor. See my article under this one for the specific provisions of this bill, and join me in a massive consumer education effort that long-term care insurance is the private sector's solution to the **REAL** health care crisis in America!!



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Office of the Press Secretary  
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## **President Signs S.1932, Deficit Reduction Act of 2005**

The East Room

[In Focus: 2007 Budget](#)

[In Focus: Jobs and Economy](#)

3:31 P.M. EST

THE PRESIDENT: Thanks for coming. Welcome to the White House. In a few moments, I will sign the Deficit Reduction Act of 2005. This important piece of legislation restrains federal spending -- and it will leave more money in the pockets of those who know how to use it best, the American people.

I appreciate the Vice President being here. Mr. Speaker, welcome. Leader Frist, thank you all for coming. Senator McConnell and Senator Santorum, Senator Judd Gregg, Chairman of the Senate Budget Committee, Congressman John Boehner, the House Majority Leader, Roy Blunt, House Majority Whip, Congressman Nussle, Chairman of the House Budget Committee, I want to thank you all for coming. I appreciate the members of the Cabinet who are here, as well as all the members of the United States Congress and the Senate who have come for this important bill signing.

Our economy is strong and it's getting stronger. We're now entering our fifth year of uninterrupted economic growth, and last year our economy grew at a healthy 3.5 percent. Real after-tax income is up nearly 8 percent per American since 2001. Productivity growth is high, small businesses are thriving. America has added 4.7 million new jobs over the last two-and-a-half years, and the unemployment rate is down to 4.7 percent -- the lowest level since July 2001.

Our economy leads the world, yet we cannot be complacent. To keep our economic momentum, we need to look at the challenges down the road and respond with wise policies now. And one of the most important policies we need to pursue is spending restraint in Washington, D.C.

Earlier this week, I sent Congress a disciplined federal budget for 2007, and this morning, I traveled to New Hampshire with Chairman Gregg, Senator Sununu, Congress Bass and Congressman Bradley to discuss the new budget proposal in detail. The budget strategy begins with keeping taxes low, so that Americans can spend, save, and invest more of their own money -

- and that will help keep our economy growing and creating jobs. My budget funds our priorities -- starting with funding the United States military, promoting alternative sources of energy, investing in math and science education and basic research, and helping to care for the poor and the elderly.

At the same time, my budget tightens the belt on government spending. Every American family has to set priorities and live within a budget -- and the American people expect us to do the same right here in Washington, D.C.

The federal budget has two types of spending -- discretionary spending and mandatory spending. Discretionary spending is the kind of spending Congress votes on every year. Last year, Congress met my request and passed bills that cut discretionary spending not related to defense or homeland security -- and this year, my budget again proposes to cut this spending. My budget also proposes again to keep the growth in overall discretionary spending below the rate of inflation, so we can stay on track to cut the deficit in half by 2009.

In the long run, the biggest challenge to our budget is mandatory spending -- or entitlement programs like Medicare and Medicaid and Social Security. Entitlement spending is determined by a specific formula, and it rises automatically year after year unless the Congress intervenes. Together, Medicare, Medicaid, and Social Security are now growing faster than the economy, faster than the population, and nearly three times the rate of inflation. And the retirement of baby boom generation will put even more strains on these programs. **By 2030, spending for Medicare, Medicaid, and Social Security alone will be almost 60 percent of the entire federal budget.** And that will leave future generations with impossible choices -- staggering tax increases, immense deficits, or deep cuts in every category of spending.

Bringing entitlement spending under control is a critical priority of our government. We need to slow the annual growth of entitlement programs to levels that we can afford -- we do not need to cut those programs. There is an important distinction -- it is the difference between slowing your car down to the speed limit, or putting your car into reverse. By making wise reforms that will reduce the annual growth of mandatory spending, the Deficit Reduction Act will save taxpayers nearly \$40 billion over the next five years -- that's about \$300 per taxpayer.

The Deficit Reduction Act is estimated to slow the pace of spending growth in both Medicare and Medicaid. Medicare is a federal program that provides health care for older Americans. Medicaid is a program administered in conjunction with the states that provides health care for low-income Americans, family with children, and some seniors. These programs are providing vital services to millions of Americans in need -- yet the costs of Medicare and Medicaid are straining budgets at both the state and federal level. The bill I sign today restrains spending for entitlement programs, while ensuring that Americans who rely on Medicare and Medicaid continue to get the care they need.

The Deficit Reduction Act is estimated to reduce the growth in Medicare spending by more than \$6 billion over the next five years. The bill, together with the Medicare act of 2003, requires wealthier citizens to pay higher premiums for their Medicare coverage. The savings created by this reform and others will make it possible to increase federal funding for important areas like kidney dialysis and rural hospitals. With this bill, we're showing that we can keep the promise of Medicare and be good stewards of the taxpayer's money at the same time.

The Deficit Reduction Act will also reduce the growth in Medicaid spending by nearly \$5 billion over the next five years. The bill helps restrain Medicaid spending by reducing federal overpayment for prescription drugs. Taxpayers should not have to pay inflated markups for the medicine that the people on Medicaid depend. The bill gives governors more flexibility to design Medicaid benefits that meet the needs of their states efficiently and affordably. **The bill tightens**

the loopholes that allowed people to game the system by transferring assets to their children so they can qualify for Medicaid benefits. Along with governors of both parties, we are sending a clear message: Medicaid will always provide help for those in need, but we will never tolerate waste, fraud, or abuse.

The Deficit Reduction Act's reforms in Medicare and Medicaid are a step on the road to long-term stability for these important programs. Now we need to continue finding ways to make Medicare and Medicaid more efficient. My budget next year proposes another \$36 billion in savings on Medicare, and more than a billion dollars in savings on Medicaid. My budget proposals will slow the average annual growth in Medicare over the next five years from 8.1 percent to 7.7 percent. That seems reasonable. And together with the bill I sign today, my budget will slow the average annual growth of Medicaid over the next five years from 6.9 percent a year to 6.6 percent a year. This is progress in the right direction, but these growth rates are still unsustainable.

In the long run, ensuring the stability of Medicare and Medicaid requires structural reform. So I have proposed a bipartisan commission to examine the full impact of baby boomer retirements on Medicare and Medicaid, as well as Social Security. The commission will include members of Congress from both political parties. It will recommend long-term solutions that will keep the promise of these vital programs while addressing their growing costs. I look forward to working with Congress to get this problem solved for generations to come.

As the Deficit Reduction Act delivers savings in mandatory spending, it also shows the compassion of America. This bill provides new resources for programs that serve some of our citizens with the greatest needs -- including hurricane victims, children, and low-income families struggling to pay their heating bills.

The Deficit Reduction Act makes important improvements to federal student loan programs. The bill cuts excess government subsidies to lenders and makes other reforms that will help us reduce overall student loan costs by about \$22 billion. With that money, we will save taxpayers \$12 billion -- because we intend to increase student aid by 10 additional billion dollars. What I'm telling you is, the students are getting the money, and we're making the program a lot more efficient for the taxpayers.

The Deficit Reduction Act also reauthorizes welfare reform for another five years. Welfare reform has proved a tremendous success over the past decade. By insisting on programs that require work and self-sufficiency in return for federal aid, we have helped cut welfare cases by more than half since 1996. Now we're building on that progress by renewing welfare reform with a billion dollar increase in child care funding, and new grants to support healthy marriage and responsible fatherhood programs.

One of the reasons for the success of welfare reform is a policy called charitable choice -- which allows faith-based groups that provide social services to receive federal funding without changing the way they hire. Ten years ago, Congress made welfare the first federal program to include charitable choice. The bill I sign today will extend charitable choice for another five years, and expand it to the new healthy marriage and responsible fatherhood programs. I appreciate the hard work of all who supported the extension of charitable choice -- including the good-hearted men and women of the faith-based community who are here today. By reauthorizing welfare reform with charitable choice, we will help millions more Americans move from welfare to work -- and find independence, and dignity, and hope.

The message of the bill I sign today is straightforward: By setting priorities and making sure tax dollars are spent wisely, America can be compassionate and responsible at the same time. Spending restraint demands difficult choices -- yet making those choices is what the American people sent us to Washington to do. One of our most important responsibilities is to keep this

economy strong and vibrant and secure for our children and our grandchildren. We can be proud that we're helping to meet that responsibility today.

Now I ask the members of Congress to join me as I sign the Deficit Reduction Act of 2005.

(The Act is signed.) (Applause.)

END 3:43 P.M. EST