

# Ryan tackles taxes, health coverage

The Janesville Gazette

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Wednesday, May 21, 2008

JANESVILLE — Rep. Paul Ryan acknowledges it's a tall order:

Provide universal access to health insurance, make Social Security and Medicare solvent without cutting benefits and overhaul the federal tax code.

"I know it's a lot I'm biting off," Ryan, a Republican from Janesville, said in a phone interview Tuesday afternoon. "I've been working on it for 14 months and thinking about it for 10 years."

Ryan was to introduce his plan, called "A Roadmap for America's Future," and accompanying legislation this morning at a press conference in Washington, D.C.

"I'm not planning on passing this in this Congress," he said. "But I want to move the discussion from neutral to doing something, to fixing the fiscal and economic problems facing this country. ... It's a plan to set our fiscal house in order."

Because the issues of health care, entitlements and taxes are interwoven, a comprehensive plan such as his is needed, Ryan said.

He outlined its parts:

-- Health insurance: To equalize the tax treatment of health insurance, every citizen would get yearly refundable tax credits to pay for insurance: \$2,500 per individual, \$5,000 for families.

If an employer provides the bulk of health insurance, the tax credit would be sent to the insurer, which would use it to cover the employee's share of premiums, deductibles and co-pays.

Uninsured and/or unemployed people would direct the credits to insurance companies they choose.

States would be mandated to create high-risk insurance pools for chronically ill people or those who can't get insurance because of pre-existing conditions. The tax credits for those people would help fund the pools.

-- Social Security: Maintain benefits and the rate and percentage of benefit increases for those 55 and older. Such benefits would be permanent and solvent.

People younger than 55 could choose to invest up to one-third of their FICA, or Social Security taxes, in individual retirement accounts. The Social Security Administration would manage the accounts and invest the money in any of five funds currently available to members of Congress and federal employees through their thrift savings plan.

The plan would reduce the percentage of benefit increases to people now younger than 55 by tying increases to hikes in the price index, rather than the wage index.

-- Medicare: Preserve benefits for those 55 and older except for couples making more than \$160,000. They would pay a higher premium for the Medicare prescription drug benefit.

People younger than 55 would be covered by a system similar to that in place for Congress members and federal employees. Upon reaching Medicare age, they would receive \$9,500 a year—with the benefit to be adjusted annually for inflation—to buy coverage.

Benefits would increase for low-income people and those whose health conditions are deteriorating.

-- Taxes: Two measures to keep the tax burden the same as a percentage of gross domestic product, instead of rising.

Individuals and families could choose between the current system with all its deductions and credits or choose a flat income tax.

The flat tax would be 10 percent on the first \$50,000 annual income for individuals, \$100,000 for joint filers; 25 percent on income above those levels; with a personal exemption of \$3,500 and standard deductions of \$12,500 for individuals and \$25,000 for joint filers, but no deductions for mortgage interest or property and state income taxes.

Repeal the alternative minimum tax, estate tax and taxes on capital gains and dividends. Repeal corporate income taxes and replace them with an 8.5 percent business consumption tax.