

JAMA Forum — The Republican Ticket: Mitt Romney, Paul Ryan, and the Magic Asterisk

BY [DAVID CUTLER, PHD](#) on [AUGUST 29, 2012](#)

The press has focused a lot on the similarities between Mitt Romney and Paul Ryan. They are both technocratic, they espouse tax cuts, and they believe in a balanced budget. But there is a deeper similarity as well: they both believe deeply in the “magic asterisk.”

The [magic asterisk was the invention of David Stockman](#), budget director to Ronald Reagan.

Stockman, who needed to show a more favorable budget than the Reagan tax cuts would justify, put in an asterisk and noted “future savings to be identified.” (He also invented the magic asterisk’s cousin, Rosy Scenario. She seems to be [making a comeback](#) as well.) Since then, the magic asterisk has become a staple of budgets that don’t add up and wishful economic thinking. What Stockman invented, however, Romney and Ryan have perfected.

Example 1: The Romney-Ryan team wants to [cut federal Medicaid spending](#) by a third in the next decade and by half over the next 17 years. This is after causing the loss of health insurance coverage for 30 million people (by repealing the Affordable Care Act) and adding hundreds of thousands of 65- and 66-year-olds to the ranks of the uninsured by raising the eligibility age for Medicare. A nonpartisan research organization [projects](#) that this will lead to 14 million to 27 million people losing Medicaid coverage as a result. How will we cope with this? The magic asterisk rides to the rescue.



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(It opines that [state governments will figure out how to reduce costs](#) by 50% while covering 30 million more people.)

Example 2: Romney and Ryan propose a voucher for Medicare. According to [a recent study that I coauthored](#), a person turning 65 years old in 2023 could expect to pay \$60 000 more for Medicare over his lifetime as a result of the voucher plan. Today, a typical household headed by someone 65 to 69 years old has [less than \\$25 000 in financial assets](#). How will they afford more than twice that amount in lifetime costs? Cue the magic asterisk. (“[By replacing the inefficiency of the current system with a competitive, market-oriented system..., the plan puts the future of Medicare on a sound footing.](#)”)

The irony is that any actual proposed reductions in Medicare spending [are seen by Romney](#) as a vital threat to the health of the elderly, but fairy-tale savings are okay. The Affordable Care Act reduced Medicare spending by about \$700 billion over the next decade, largely by reducing spending to hospitals, home health agencies, and Medicare Advantage plans. According to Mitt Romney, this is damaging Medicare. Alas, Ryan’s budget plan kept those savings in it, and when Ryan joined the Romney ticket, he had to disavow those spending reductions. So far, Ryan has replaced these proposed cost reductions with... the magic asterisk.

Example 3: As most physicians know, Medicare payments to physicians are to decrease by nearly 30% unless Congress takes action to prevent the sustainable growth rate (the reimbursement formula based on economic growth that was intended to help curb health care spending) from going into effect. Ryan’s budget [proposes a “doc fix” but then has no funding to prevent it](#). Rather, there is a “reserve fund” to pay for it, with the money for the reserve fund coming from the magic asterisk. It’s a good thing the asterisk will provide the money. Without it, the payment cuts take effect.

The magic asterisk is useful even beyond health care. Paul Ryan’s budget proposes to cut taxes deeply and balance the federal budget. What spending is cut to do this? In addition to reducing Medicare and Medicaid, Ryan proposes that nondefense, discretionary spending (such as support for national parks, the environment, cancer research, and the Food and Drug Administration) [essentially disappear from the federal budget](#). Of course, he doesn’t say this. It’s buried in the magic asterisk. You can only realize that he wants to get rid of the government’s role in these areas by seeing that he has no money for it.

The magic asterisk is so essential to Romney and Ryan’s plans that I think it deserves more attention. How about a Romney-Ryan campaign symbol that is an asterisk in red, white, and blue with a picture of David Stockman in the middle? (Actually, hold that thought. David Stockman recently [blasted](#) Paul Ryan’s “Fairy-Tale Budget” as “devoid of credible math or hard policy choices.”) Or maybe the magic asterisk could debut in a campaign slogan: Romney-Ryan: A New Deal for America* (*New Deal to be identified).

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Jesting aside, federal budgets are not something to be taken lightly. Barack Obama laid out exactly what he wanted to do on health care, and he has taken heat for it. How about the same from Romney and Ryan? Tell us exactly what you want to do and leave out the magic asterisks. Then, doctors and patients can see which plan they like better. Is a little candor too much to ask for?

About the author: David M. Cutler, PhD, is the Otto Eckstein Professor of Applied Economics in the Department of Economics and Kennedy School of Government at Harvard University and a member of the Institute of Medicine. He served on the Council of Economic Advisers and the National Economic Council during the Clinton Administration and was senior health care advisor to Barack Obama's presidential campaign.

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