

Strengthening Social Security and Medicare

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Every year, I join my fellow members of the Social Security and Medicare Board of Trustees to issue reports on the financial health of these essential programs. This year's reports, released today, show that Medicare and Social Security are strong, but there is far more work to be done. And as we move forward, it is critical that Democrats and Republicans continue to work together to address the long-term solvency of the programs so that we keep the promise of Medicare and Social Security to future generations of Americans.

The Social Security Board of Trustees report shows that Social Security has sufficient assets to continue to provide benefits for seniors and people with disabilities in the coming decades. The combined Social Security Trust Funds have resources to pay full benefits for the coming 25 years.

The Obama Administration has already taken steps to strengthen and extend the solvency of Medicare, implementing policies including those in the Affordable Care Act that will save nearly \$120 billion for Medicare over the next five years. Thanks to these essential reforms, today's report found that the Medicare Hospital Insurance (HI) Trust Fund will remain solvent until 2024 and the actuarial deficit has fallen by 80 percent of taxable payroll since 2009, the year before the Affordable Care Act was passed. Over the next 75 years, Medicare's Hospital Insurance costs are projected to be about 25 percent lower due to the new law.

And without the historic deficit reduction in the Affordable Care Act, Medicare would have gone bankrupt in 2016 – only five years from now.

But that alone will not solve the challenge future generations of Americans will face.

Some in Congress want to take us backwards and have proposed a plan that would end Medicare as we know it and shift costs to seniors and the most vulnerable. That's the wrong way to reform Medicare. Under the Republican plan, traditional Medicare would be repealed by 2022 and replaced by private vouchers. And the Congressional Budget Office found that a typical 65-year-old who becomes eligible for Medicare would pay an extra \$6,400 for health care.

The right way to reform Medicare is to improve it so people get better care at a lower cost. And the fiscal framework the President proposed just three weeks ago takes significant steps to extend the solvency of the program, while strengthening Medicare for future generations. The framework calls for reducing our overall deficit by \$4 trillion in the next 12 years, and includes additional reforms that build on the Affordable Care Act and save at least \$200 billion more for Medicare over the next decade, without jeopardizing guaranteed benefits for seniors.

[The President has proposed:](http://www.whitehouse.gov/the-press-office/2011/04/13/remarks-president-fiscal-policy) (<http://www.whitehouse.gov/the-press-office/2011/04/13/remarks-president-fiscal-policy>)

- Reducing Medicare's excessive spending on prescription drugs and lower drug premiums for beneficiaries without shifting costs to seniors or privatizing Medicare.
- Working further to reduce the predicted Medicare cost growth over time by reducing the underlying health costs, through strengthening of the Independent Payment Advisory Board (IPAB).

Social Security and Medicare have given America's seniors a dignified retirement and high-quality health care for decades. Together, we'll ensure they continue to provide future generations of seniors with the health and retirement security they have earned and deserve.

Kathleen Sebelius is Secretary of Health and Human Services.