

# Medicare Trustees: Don't Believe Our Numbers

BY ALLISON BELL

**T**HE TRUSTEES OF THE MEDICARE trust funds say the financial projections in their latest annual report are probably unrealistic.

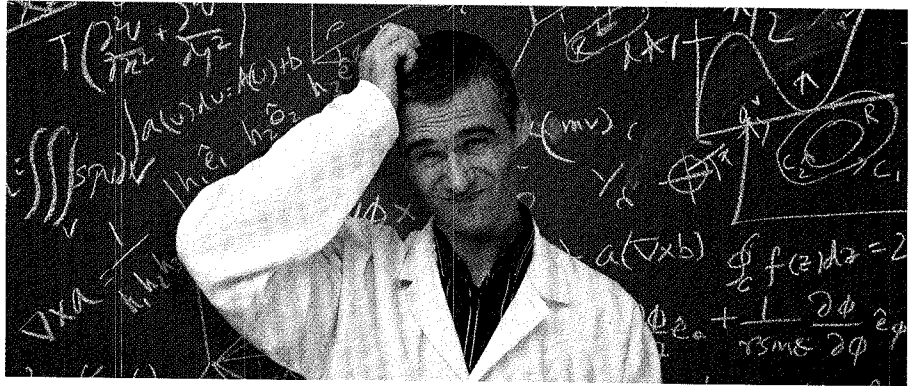
Within the last month, Medicare trustees released one report and the Social Security trust fund trustees issued a separate report.

The current Medicare boards of trustees are dominated by Obama administration officials such as U.S. Treasury Secretary Timothy Geithner, U.S. Labor Secretary Hilda Solis, and U.S. Health and Human Services Secretary Kathleen Sebelius.

The trustees say the Patient Protection and Affordable Care Act of 2010 (PPACA) has strengthened the finances of the Medicare hospital insurance (HI) and supplementary medical insurance trust funds.

But, despite those changes, "the HI trust fund is now estimated to be exhausted in 2024, five years earlier than was shown in last year's report, and the fund is not adequately financed over the next 10 years," the trustees warn in the Medicare trustees' report. The HI trust fund has not met the trustees' formal test of short-range financial adequacy since 2003."

But the trustees concede in the introduction to the report that the finances



of the trust fund are looking better partly because the law required the analysts who made the projections used in the report to assume that pending changes in Medicare physician payment rules will take effect on schedule in 2012.

There is a virtual certainty that Congress will override this reduction," the trustees say.

The trustees have added alternative illustrations showing what might happen if Congress keeps overriding the physician fee reductions.

Elsewhere in the report, the trustees talk about the future of the Medicare Advantage program, which gives private companies an opportunity to provide Medicare coverage.

If current laws take effect as written and work as expected, the share of all Medicare plan enrollees who are in Medicare Advan-

tage plans likely will fall to about 15% in 2020, from 25% in 2010, the trustees say.

Although Medicare Advantage plans' share of enrollees may drop, the number of people they cover may start to rise in 2020 because of an increase in the total number of people eligible for Medicare, the trustees say.

In related news, the Social Security trustees say that program will exhaust its funds in 2036. A year ago, the trustees were predicting that the funds would run dry in 2037.

When the funds are empty, there should be enough tax revenue coming in to pay about 77% of the benefits, the trustees estimate.

The funds need to bring in an extra \$6.5 trillion over the next 75 years to cover the gap, the trustees say. ■