

SUMMARY OF REPUBLICAN LOCKBOX AMENDMENT

The Republican Social Security and Medicare lockbox amendment to the bankruptcy bill is identical to the lockbox passed by the House two weeks ago. Unlike the Conrad lockbox amendment, the Republican proposal does not take any portion of Medicare off-budget. And unlike the Conrad lockbox, theirs does not afford Medicare the same treatment in the budget as Social Security, even though Medicare's financial condition is actually more serious than that of Social Security. The Medicare Hospital Insurance trust fund is projected to become insolvent in 2025, whereas the Social Security trust funds will remain solvent until 2037.

Under the Republican amendment, the Medicare Hospital Insurance trust fund would remain included in all budget surplus projections. The Conrad lockbox would exclude Medicare HI trust fund surpluses from budget surplus projections, just as we do for Social Security.

Unlike the Conrad lockbox, the Republican amendment does not include points of order against a budget resolution or subsequent legislation that would reduce Medicare Hospital Insurance trust fund surpluses. So the Republican amendment would allow Medicare Part A surpluses to be reduced, while the Conrad lockbox amendment would not. The points of order in the Republican amendment apply only against a budget resolution or subsequent legislation that would reduce on-budget surpluses below the level of the Medicare HI trust fund surpluses.

The Republican amendment does not add any new protections for Social Security, while the Conrad lockbox does. The Conrad amendment includes a point of order to reinforce the off-budget status of Social Security, and another point of order against decreasing Social Security surpluses in any fiscal year, which is an improvement over current rules. The Republican amendment is silent on Social Security.

In addition, the Republican amendment includes two huge trap doors for anything deemed Social Security and Medicare "reform" legislation, while the Conrad lockbox has **no exceptions**. In fact, their amendment doesn't say what reform is – it could include any expansion of Social Security or Medicare designated as "reform." Their amendment would even allow surplus dollars in the Medicare Hospital Insurance trust fund to be used for Social Security "reform." By contrast, the Conrad amendment reserves every penny of the Medicare HI surplus to fulfill our current obligations to Medicare beneficiaries.

The Conrad lockbox exempts the Medicare HI trust fund from mandatory sequesters under the Budget Enforcement Act, while the Republican amendment does not. Under our current pay-as-you-go law, if Congress overspends or cuts taxes and fails to offset those changes, Medicare may get cut at the end of the year under a sequester order. The Conrad amendment ensures that Medicare Part A would not get cut if we have a sequester, because it takes the Medicare HI trust fund completely off-budget and treats it exactly as we already treat Social Security.