

SOCIAL SECURITY AND MEDICARE OFF-BUDGET LOCKBOX ACT OF 2000

This amendment would establish a Social Security and Medicare lock box to protect both Social Security and Medicare surpluses from being raided to pay for other programs or tax breaks. The amendment would take the Medicare Hospital Insurance Trust Fund completely off-budget. And it would add points of order to ensure that neither Social Security nor Medicare surpluses can be used for any other purposes.

Social Security is already off-budget. This amendment treats Medicare just as we already treat Social Security. The legislation also creates points of order against any legislation that would reduce Medicare Hospital Insurance Trust Fund surpluses for any purpose unrelated to Medicare. Similar points of order already apply for Social Security.

In addition, the amendment would protect Medicare from across-the-board cuts that could be triggered if Congress exceeds other budgetary limits. Under the current “pay-as-you-go” law, if Congress raids surpluses either for tax breaks or mandatory spending, Medicare automatically gets cut. That will end under this amendment.

The amendment also strengthens existing rules that protect Social Security. For example, the amendment would establish a supermajority point of order against any measure that would put Social Security back on-budget, or violate the prohibition against including Social Security in a budget resolution. Our amendment also strengthens existing law by requiring every budget resolution to include Social Security totals for each year covered in the resolution, and then establishing a point of order to protect those funds in each year. This is an improvement over current law, which protects Social Security surpluses in the first year of a budget resolution, and for the entire period of the resolution, but not in each individual year.

This amendment gives Social Security and Medicare more protection than does the legislation recently approved in the House of Representatives. That legislation proposes to establish a so-called lock box. But the House legislation is loaded with loopholes. And it doesn't even pretend to take Medicare off-budget. The House bill would leave Medicare's Hospital Insurance Trust Fund included in all budget calculations. Unlike Social Security, Medicare funds would continue to be commingled with general funds for purposes of the President's budget, the congressional budget resolution, and the Budget Enforcement Act. And so, as under current law, the House bill would leave Medicare vulnerable to automatic across-the-board cuts if Congress overspends. In addition, the House bill does nothing to protect the solvency of Medicare's Hospital Insurance Trust Fund. If Congress wanted to take Medicare taxes and use them for other purposes, such as tax breaks or new spending, under the House-passed bill it would be free to do so. And while the House-passed bill claims to prevent an on-budget deficit, it has huge loopholes for any legislation that the majority designates as Social Security or Medicare reform.