

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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**SENATE BUDGET COMMITTEE RANKING MEMBER SAYS
BUSH BUDGET FAILS TO PROTECT MEDICARE TRUST FUND**
Conrad: Unspecified Health Cuts Are Unacceptable, Prescription Drug Benefit Inadequate

Washington, DC - Senator Kent Conrad, the Ranking Member on the Senate Budget Committee, today expressed alarm that President Bush's budget proposal fails to protect the Medicare Trust Fund. Conrad's remarks came in a Senate Budget Committee hearing with Secretary of Health and Human Services Tommy Thompson.

"The President's budget proposal fails to protect the Medicare Trust Fund," said Conrad. "This is simply unacceptable. The Administration uses an accounting gimmick to claim there is no Medicare surplus; and then it includes the actual \$526 billion Medicare Trust Fund surplus in its 'reserve' fund. Instead of setting this money aside exclusively for Medicare, the Bush plan throws it into an over-committed fund where it would have to compete with national security, defense, agricultural emergencies, tax extenders, and other priorities for these resources. That's irresponsible and a complete abandonment of the bipartisan consensus in Congress and overwhelming public desire to protect both the Social Security and Medicare Trust Fund surpluses.

"The reserves in the Medicare Trust Fund are needed to pay for the cost of the Medicare benefits that we have already promised to provide – a cost that will grow significantly once the baby boomers begin to retire. It makes no sense to begin drawing down these funds to pay for other spending. That would only make the Trust Fund go bankrupt that much sooner."

In reference to the Bush budget proposal for health services, Conrad noted that the Bush Administration calls for \$4.2 billion in additional spending for the Department, but then proposes allocating only an additional \$2.8 billion in additional funds. "This budget just doesn't add up," said Conrad. "By not allocating enough money, the Bush budget will require \$1.3 billion in unspecified cuts in health services. I'd like this Administration to tell us specifically which programs it would like to cut."

Conrad further pointed out the inadequacy of the Bush proposal for a prescription drug benefit. "The Bush budget doesn't come close to providing an adequate prescription drug benefit," said Conrad. "The Administration proposes about half the amount that most experts

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believe will be necessary for a reasonable and affordable benefit. The Bush plan fails to extend basic prescription drug coverage to the nearly 25 million uncovered beneficiaries who do not qualify as low-income. The bottom line is that the Bush tax cut proposal is so big that it leaves no room in the rest of the budget for protecting the Medicare Trust Fund and for priorities like a real prescription drug benefit.”

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