



BUDGET COMMITTEE



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Senate Budget Committee Chairman Judd Gregg Comments On 2006 Social Security and Medicare Trust Fund Reports

“Today’s news from the Social Security and Medicare Board of Trustees - that these two entitlement programs, left unchecked, represent an unprecedented fiscal crisis for this country and future generations – is yet another warning signal that Congress and the Administration must take steps toward achieving real reform.

“The Trustees’ reports project that as the Baby Boom Generation begins to retire, the pressure on the Social Security system will cause it to be exhausted in 2040, which is a year earlier than previously projected. Medicare will be similarly affected by the demographic trends, and suffers from the impact of skyrocketing health care costs. As a result, the Medicare Hospital Insurance Fund is projected to be insolvent in 2018, which is two years earlier than previously projected. In addition, the Medicare trustees state that in 2012, the Treasury’s general fund contribution to Medicare will exceed 45% of total Medicare spending, which will trigger a ‘funding warning’ for the first time.

“In the Fiscal Year 2007 budget resolution that passed the Senate in March, I included a provision that would specifically address the rapidly-approaching Medicare shortfall. The provision specifies that if the Chairman of the Budget Committee projects, for two consecutive years, that the Treasury’s general fund contribution to Medicare will exceed 45% of total Medicare spending, a new point of order would be created against all new direct spending that does not include offsets. This mechanism would force the problem of future entitlement shortfalls front and center. We owe it to current and future beneficiaries to put these critical programs on sure footing.”

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