



BUDGET COMMITTEE



Judd Gregg, Ranking Member
<http://budget.senate.gov/repUBLICan>

Contact: Betsy Holahan (202)224-6011
Jeff Turcotte (202)224-2574

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Senator Gregg: Social Security and Medicare Reform Must be Addressed
Medicare Trustees' Report Indicates Spending Trips 45% Trigger for Second Year

Senator Judd Gregg, ranking member of the Senate Budget Committee, today commented on the 2007 Social Security and Medicare Trustees reports, both of which show that unfunded government promises are rapidly snowballing. The Medicare Trustees, for the second year in a row, make an "excess general revenue funding" warning, meaning that Medicare will draw more than 45 percent of its total funding from general revenues within the next six years.

"Today's reports from the Social Security and Medicare Trustees are yet another red flag that current entitlement spending is not sustainable," said Senator Gregg.

The 2007 Medicare Trustees' report indicates that long-term Medicare unfunded liability for Parts A and B now stand at a combined \$24.8 trillion over 75 years, with the Hospital Insurance Trust Fund assets being depleted by 2019. The Social Security Trustees' report shows that the Social Security Trust Funds assets are due to be exhausted by 2041, with an unfunded liability of \$4.8 trillion over 75 years.

"The Medicare Trustees' second warning will, by law, trigger Congressional action that is already long overdue," said Senator Gregg. "Congressional Democratic leadership recently discarded the President's recommendation to slow Medicare growth by 1.5 percent in the FY2008-2012 budget resolution – a plan that would not have impacted the vast majority of beneficiaries but would have reduced Medicare's long-term unfunded obligation by \$8 trillion."

Under the *Medicare Modernization Act of 2003*, a warning issued for two consecutive years requires that the President propose legislation within 15 days of his next budget to bring Medicare spending under the 45 percent threshold. That legislation is required to receive expedited consideration by Congress.

"It's time for Congress to stop playing politics with these issues and acting as if they will go away," said Senator Gregg. "Today's news is a stark reminder of how serious these problems are, and on behalf of our children and grandchildren, I hope that Congress begins to take action so that we can pass on a government they can afford."