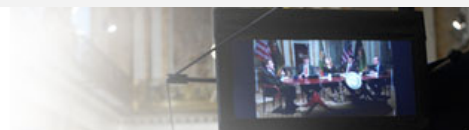


## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks by Treasury Secretary Tim Geithner on the Release of the Social Security and Medicare Trustees Reports

4/23/2012

*As prepared for delivery*

For the Social Security Report, visit [link](#) 

For the Medicare Report, visit [link](#) 

**WASHINGTON** - I'd like to start by welcoming my fellow Trustees to Treasury and to take this opportunity to thank the chief actuaries, Stephen Goss and Richard Foster, and their staffs for all their hard work.

Every year, the Social Security and Medicare Boards of Trustees issue reports to Congress on the strength of these two indispensable programs, and earlier today, the trustees held a meeting to complete this year's financial review and to transmit the final reports.

Millions of Americans rely on Social Security and Medicare for income and health care, and millions more will do so in the future. As today's reports make clear, these programs have the resources they need to fulfill their commitments to these Americans for years to come. But what these reports also reinforce is that we must take steps to keep these programs whole for the future.

Pressures on these programs are mounting—Americans are living longer and the number of retirees is growing. The reports project that, when considered on a combined basis, Social Security's retirement and disability programs have dedicated funds sufficient to cover benefits for the next 20 years, but in 2033, incoming revenues and trust fund resources will be insufficient to maintain payment of full benefits. After that time, dedicated funds will be sufficient to cover about three-quarters of full benefits.

Medicare's Hospital Insurance Trust Fund will have resources sufficient to cover benefits until 2024, the same year that was projected in last year's report.

The projections in this year's report are somewhat more pessimistic than last year's projections. For the combined Social Security and Disability Trust Funds, the 75-year actuarial imbalance is up 0.4 of a percentage point. This is in large part due to the Trustees' assumption of lower real wages over the 75-year projection period. With regard to Medicare, the projected actuarial imbalance of the Trust Fund has increased by 0.6 percentage point due to changes in the cost projection methods recommended by the 2010-2011 Medicare technical review panel.

While the uncertainty surrounding these 75-year projections is substantial, nonetheless, these reports emphasize the importance of building consensus on reforms that will put these programs on a sounder financial footing.

The Affordable Care Act began this process with the most significant entitlement reform in decades. That law included measures to strengthen Medicare by reining in health care costs. And one of the most important things we can do right now to preserve Medicare is to implement the Affordable Care Act fully and effectively.

Still, more needs to be done. That's why the President has put forward a detailed plan to further reform and strengthen Medicare. By the beginning of the next decade, his plan achieves the same amount of annual health savings as the bipartisan plan proposed by Simpson-Bowles. His approach lowers costs by changing the way we pay for health care with new incentives for doctors and hospitals, eliminating excessive subsidies to prescription drug companies, and asking the very wealthiest seniors to pay a little more.

The President is also committed to keeping Social Security strong for future generations, particularly as more private employers move away from defined benefit plans. In his State of the Union address last year, the President outlined a set of principles for reform.

These principles emphasize finding a bipartisan solution that strengthens Social Security and does not hurt current recipients, slash benefits for future generations, or tie the program to the stock market.

As we work to strengthen Social Security and Medicare, it is critical that reforms are slowly phased-in over time so current beneficiaries are not affected and future beneficiaries do not experience precipitous changes.

At the same time, adjustments to Social Security and Medicare must be balanced and evenhanded. We will not support proposals that sow the seeds of their destruction in the name of reform, or that shift the cost of health care to seniors in order to sustain tax cuts for the most fortunate Americans.

Social Security and Medicare are the twin pillars of retirement security in this country. They are, as the President has said, “expressions of the fact that we are one nation.” These programs, which are rooted in a basic American sense of fairness and responsibility, have been supported across generations by both political parties, in both Democratic and Republican administrations.

Thank you.

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