

## Dingell, Pallone Respond to Medicare Trustees Report

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### NEWS RELEASE

Committee on Energy and Commerce

Rep. John D. Dingell, Chairman

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### Dingell, Pallone Respond to Medicare Trustees Report

Washington, D.C. — The Social Security and Medicare Trustees have confirmed today that the Medicare program remains a strong and vital source of health care coverage for millions of seniors. While the Trustees report that the program will be solvent well into the future, ensuring its continued sustainability will require Congress to address current inefficiencies.

"Although Medicare currently remains viable, today's report makes it clear that we are on a path toward insolvency," said John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce. "The largest contributors to Medicare's dwindling finances are overpayments made to inefficient managed care plans. Preventing these overpayments is the best way to ensure that Medicare continues to help millions of Americans."

The Medicare Program is the second-largest social insurance program in the U.S., with 43.2 million beneficiaries and total expenditures of \$408 billion in 2006. The Trustees note that expenditures are expected to increase steadily, raising serious concerns about the Medicare's financial outlook. The non-partisan Medicare Payment Advisory Commission (MedPAC) has reported that the program pays 12 percent more for every beneficiary who enrolls in a

managed care plan than it would if that same beneficiary were to remain in traditional Medicare.

"The report shows that we must work together to ensure that Medicare remains a dependable and affordable source of health care for millions of Americans," said Frank Pallone, Jr. (D-NJ), Chairman of House Energy and Commerce Subcommittee on Health. "As rising health care costs take their toll on the program, we must look for ways to make sure every Medicare dollar is being spent efficiently and wisely."

The Trustees also reported the triggering of a provision of the 2003 Medicare Modernization Act that requires the President to submit to Congress reform legislation aimed at restricting funding to Medicare. Because this year's report contains the second consecutive warning that the projection is in sight, the President must send Congress legislation cutting Medicare in 2008, at which point it will receive expedited consideration.

The Boards of Trustees for Medicare report annually to the Congress on the financial operations and actuarial status of the program. Beginning in 2002, there is one combined report discussing both the Hospital Insurance program (Medicare Part A) and the Supplementary Medical Insurance program (Medicare Part B and Prescription Drug Coverage). The Office of the Actuary in the Centers for Medicare & Medicaid Services (CMS) prepares the report under the direction of the Boards.

[See a copy of the report »](#)

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Prepared by the Committee on Energy and Commerce

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