

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON HEALTH

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Chairman Brady Announces Hearing on the 2013 Medicare Trustees Report

House Ways and Means Health Subcommittee Chairman Kevin Brady (R-TX) today announced that the Subcommittee on Health will hold a hearing on the recently released 2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. This hearing will allow the Subcommittee to focus specifically on the Medicare program's financial status and changes from the Trustees previous reports. The Subcommittee will hear testimony from Medicare's two public trustees. **The hearing will take place on Thursday, June 20, 2013, in 1100 Longworth House Office Building, beginning at 9:30 A.M.**

In view of the limited time available to hear from witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The Social Security Act requires the Board of Trustees for the Medicare program to report annually to the Congress on the current and projected financial condition of the Medicare Hospital Insurance (HI) and the Supplementary Medical Insurance (SMI) trust funds. The trustees, who are designated in statute, are the Secretary of the Treasury, the Secretary of Health and Human Services, the Secretary of Labor, the Administrator of the Centers for Medicare and Medicaid Services (CMS), and the Commissioner of Social Security. Additionally, the statute requires that there be two public trustees, from different political parties, who are appointed by the President and confirmed by the Senate for four-year terms. The CMS Office of the Actuary is responsible for preparing the report. The 2013 report was released on May 31, 2013, and can be found at <https://www.cms.gov/ReportsTrustFunds/downloads/tr2013.pdf>. The Medicare actuaries subsequently released an alternative scenario memorandum, based on what actions they expect Congress to take (such as preventing cuts to Medicare physician payment rates,

overriding productivity adjustments to Part A providers, and eliminating the Independent Payment Advisory Board) to “present an alternative scenario to help illustrate and quantify the potential magnitude of the cost understatement under current law.” That memo can be found at <http://www.cms.gov/ReportsTrustFunds/Downloads/2011TRAlternativeScenario.pdf>.

Ensuring the financial viability of Social Security and Medicare is one of Congress’ most important responsibilities. The annual release of the trustees’ reports provides Congress with a valuable update on the programs’ fiscal status and important information with respect to projections of future expenditures.

The Medicare Trustees again issued a “Medicare funding warning” stating that the more than 45 percent of Medicare outlays in FY2013 will be comprised of general revenues. Additionally, the Trustees report the Medicare Hospital Insurance (HI) trust fund is expected to go bankrupt by 2026, two years later than the 2012 estimate. However, under the high-cost assumptions, the HI trust fund is expected to go bankrupt by 2019.

The Trustees state that the HI trust fund is not adequately financed through 2014 as its “expenditures have exceeded income each year since 2008” and will run a “deficit amounting to \$23.8 billion in 2012.” The Trustees project Medicare spending to grow from 3.6 percent of Gross Domestic Product (GDP) in 2012 to 6.5 percent of GDP in 2087.

Under the alternative scenario, the Trustees estimate that Medicare spending would increase to 9.8 percent of GDP in 2087. The Trustees state that growth of this magnitude would “substantially increase the strain on nation’s workers, the economy, Medicare beneficiaries, and the federal budget.”

In announcing the hearing, Chairman Brady stated, **“The conclusions of the Medicare Trustees are deeply troubling and should serve as a call to action for those who want to save Medicare. While Medicare’s Hospital Insurance trust fund has been given a brief two year reprieve before going bankrupt, that doesn’t mean Congress has two more years to act. The simple truth is that Medicare remains in deep financial trouble and the time to act is now. It is critical that the American people, the President and Congress understand just how dire Medicare’s finances are.”**

FOCUS OF THE HEARING:

The hearing will focus on Medicare’s financial situation as detailed by the 2013 Medicare Trustees report.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage,

<http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Friday, July 5, 2013**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.