

Insight



The Future of America's Entitlements: What You Need to Know About the Medicare Trustees Report

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The Medicare and Social Security Trustees recently issued their annual report detailing the financial state of America's entitlement programs, confirming what many Americans know to be true: Medicare and Social Security are going bankrupt and fast. In their current form, neither Medicare nor Social Security will be able to deliver on their promises for retiring Americans. As the baby boom generation retires, the financial stress on the entitlement programs is reiterated and the clock is ticking on their solvency. At its current pace, Medicare will be bankrupt in 2026 and Social Security in 2033.

A deeper look at the data proves just how broken our current entitlement programs are. An American Action Forum analysis of the data found other startling statistics, including: ?

- Medicare's Annual Cash Shortfall in 2012 was \$302.2 billion – nearly one third of the annual federal deficit;
- Payroll taxes would have to increase by 30 percent to pay for Medicare Part A just this year;
- Medicare's cumulative cash shortfall since 1965 is \$3.2 Trillion.

What You Need to Know about the Medicare Trustees Report includes one-pagers on:

- The solvency of Medicare;
- President Obama's stewardship of Medicare;
- The solvency of the Social Security Trust Fund;
- The solvency of the Social Security Disability Insurance (DI) program;
- The solvency of the Social Security Old-age and Survivors Insurance (OASI) Program.

Earlier this year the Congressional Budget Office confirmed that by 2023 mandatory spending (including that of Medicare and Social Security) will eclipse the federal budget at 64 percent of all spending. Coupled with the Trustees' confirmation that the programs are on a path to bankruptcy, the need to fix Medicare and Social Security remains dire.