

# THE BUFFALO NEWS

## The Briefing: A rough road for Medicare and Social Security

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The year 2026 sounds like it's a long time away, like it's the name of some sort of science-fiction movie or something.

But think back to 2010, which is just as far away as 2026. Think back to the year that Obamacare became law, the year that the Deepwater Horizon oil well exploded and filled the Gulf of Mexico with oil, the year when an earthquake devastated Haiti.

None of that seems so long ago, which is just one reason why it's worth noting that that an earthquake of another sort could hit America in 2026.

That's when Medicare is projected to start running out of money.

Now think back to 2002. America, still reeling from the Sept. 11 attacks of the previous year, was girding up for the Iraq War. The collapse of Enron filled the business pages. And Tom Brady led the New England Patriots to their first Super Bowl victory.

Yeah, it was a bad year.

But 2034, which is as far away as 2002, could be worse; that's when the Social Security trust fund is scheduled to start running dry.

Those two foreboding fiscal facts, delivered in the annual reports of the trustees who oversee Medicare and Social Security, went largely unnoticed this week amid another Trumpian torrent of news.

But those two reports could very well matter much more in the long run than the president's latest pardons or tariffs or tweets. They could mean a rockier retirement for each and every one of us.

Let's look first at Medicare, given that the federal health program for seniors is in worse financial shape than Social Security. The Medicare trustees said the part of Medicare that pays hospital bills will be insolvent in 2026 -- which is three years earlier than they projected last year. The trustees now expect Medicare to bring in less money than they originally expected, while hospital costs look like they will rise faster than previously expected, delivering a double whammy to the program.

That doesn't mean the Medicare trust fund will go completely dry 12 years from now. It just means it won't have enough money to entirely cover its costs. Hospitals wouldn't get fully paid for the care they provide to seniors – and their payments would shrink year by year as health care costs rise and as the population ages. And that would probably translate to shoddier health care for anyone on Medicare starting in 2026.

As for Social Security, the trustees that oversee it say the part of the program that covers retirement benefits will be insolvent in 2034, which is the same year they projected last year. The trust fund's insolvency would mean that the program's revenues would only be able to cover 79 percent of its costs, with that figure dwindling to 74 percent over the following six decades. That would quite obviously mean a big cut in Social Security benefits if nothing is done.

And right now, it looks like nothing will be done. No one with any power in Congress is pushing hard to reform Medicare and Social Security. That's not really a surprise: after all, a Congress that struggles to even pass a budget and fund basic government operations is one that's really going to struggle with hard questions about the future of programs that serve tens of millions of seniors.

Meantime, the Trump administration is saying: Trust us. All shall be well.

“The Administration’s economic agenda – tax cuts, regulatory reform, and improved trade agreements – will generate the long-term growth needed to help secure these programs and lead them to a more stable path,” Treasury Secretary Steven T. Mnuchin said in a statement.

Well, OK. Don't worry. Be happy.

But if you trust the numbers crunchers more than Mnuchin, maybe those of you who are still working should start socking away more money for retirement if you can afford to – just because you can't afford not to.

### **Happening today**

President Trump is in Charlevoix, Canada, for the G-7 summit meeting ... U.S. District Judge T.S. Ellis holds a motions hearing in the federal case against former Trump campaign manager Paul Manafort... A House Judiciary subcommittee holds a hearing on the 2020 census ... Supreme Court Justice Sonia Sotomayor speaks at the American Constitution Society for Law and Policy's annual convention... The Cato Institute holds a book discussion on "Overcharged: Why Americans Pay Too Much for Health Care."

### **Good reads**

Reason magazine argues that in abandoning free trade, Republicans are abandoning their principles ... Meantime, Fred Hiatt of the Washington Post notes that President Ronald Reagan handled disputes with Canada very differently than President Trump has ... The New York Times takes a close look at how Trump's immigration policies are separating families ... Vox explains Environmental Protection Agency administrator Scott Pruitt's penchant for Ritz-Carlton moisturizing lotion...And the New Yorker shows us what happens when a bad-tempered, distractable doofus runs an empire.