

The New York Times® Reprints

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

PRINTER-FRIENDLY FORMAT
SPONSORED BY

CAREY
MULLIGAN

August 9, 2010

The Latest on Medicare and Social Security

It's the time of year when the trustees of Medicare and Social Security release their annual reports on the programs' financial health. And that means Americans are likely to be bathed in a fog of political rhetoric that makes it hard to sort out fact from fiction.

Here's the bottom line: The recently passed health care reform bill is promising to have a positive effect on Medicare, assuming Republican opponents don't succeed in killing the reform in court or otherwise undermining its main provisions. Social Security is holding up even in the face of a weak economy. According to the reports, the date of insolvency for Medicare's hospital fund was pushed back, from 2017 to 2029, because of cost-saving measures in health reform. As for Social Security, without any changes, it will be able to pay full benefits until 2037 and partial benefits after that, the same estimate as in last year's report, despite temporary setbacks from the recession.

Of course, neither program is sound for the long run. But the reports show there is time for lawmakers to reform and strengthen both of the programs for the long haul. The real question is whether they will rise to the challenge or continue to view these vital programs as battlegrounds for scoring partisan points.

The trustees stressed that the improvement in Medicare depends on how effectively the new health care reform law is implemented. For instance, the law envisions paying doctors based on quality and efficiency of treatments, rather than on the number of visits or procedures. As that transition occurs, will Congress resist the inevitable outcry?

Future savings also depend on how Congress and the White House react to the Medicare payment advisory board, established under the new law to recommend additional ways to reduce costs. The recommendations take effect unless Congress passes a law to reject them. Will lawmakers be generally supportive of the board or generally antagonistic?

Technically, Social Security is an easier fix. To put the program on a sound footing will require a

combination of moderate benefit cuts and tax increases, which could be distributed fairly and phased in over decades.

A lot of attention will be paid to the finding in the Social Security report that payouts will exceed revenues in 2010 and 2011, as high unemployment drives down payroll taxes. That doesn't endanger benefits, because any shortfall can be covered by the trust fund. But some politicians will depict the imbalance as evidence that deep and urgent cuts are needed soon. That is not the case. If anything, public attention to near-term fluctuations should serve as a reminder that by acting to reform the system sooner rather than later, needed reforms can be fair, gradual and modest.

Medicare is a thorny problem; Social Security, by comparison, is a cinch. More worrisome than either is the hyperpartisan atmosphere in Washington.