



AMERICAN ACADEMY
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NEWS RELEASE

Immediate Release

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Actuaries Laud New President's Medicare and Social Security Message, Call for Bipartisan Solution

WASHINGTON – 21 Jan. 2009 – The American Academy of Actuaries applauds President Barack Obama's pledge to address Social Security's and Medicare's long-term financial challenges and urges public policymakers to reach bipartisan solutions to ensure both programs' viability.

"Historically the American Academy of Actuaries has urged policymakers to address these financial challenges without delay," said **John Parks**, the president of the American Academy of Actuaries. "President Obama's message shows that he understands that these issues must be addressed now. And the Academy believes this must happen regardless of any other actions taken to address the current economic and fiscal crisis."

The Academy's Senior Health Fellow **Cori Uccello** said that the president is right to say that Medicare's issues cannot be solved "in isolation from the broader problems of the health care system." She said that policymakers must enact comprehensive Medicare reform not only to restore the program's solvency, but also to improve its long-term sustainability by lowering the growth of total Medicare spending as a share of the federal budget and of the overall economy.

"It is important to recognize that the problem of rising health care spending in the Medicare program reflects the spending growth seen in the U.S. health care system as a whole," she said. "Unless that spending is addressed, implementing options to control Medicare spending will have limited long-term effectiveness. Medicare reform proposals should focus on options that reduce overall spending, rather than simply shifting costs from the government to another payer."

Regarding Social Security, **Tom Terry**, the Academy's vice president for pension issues, said that the Academy released a statement in August urging policymakers to address the program's long-term actuarial imbalance by increasing Social Security's retirement age.

"By acting now policymakers would have a full range of policy options to choose from," Terry said. "They will also be able to apply those options to more of the population, and give people more time to appropriately plan for retirement."

(more)

Terry also said that the program is facing a demographic problem that demands a demographic solution. There are many options available to policymakers, and as actuaries we are hopeful that increasing the retirement age will be a part of any solution.

President Obama's message came during a 70-minute interview with *Washington Post* reporters and editors on Jan. 15. For more information, please contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872. For more information on the American Academy of Actuaries, please visit: www.actuary.org.

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The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.