



# NEWS RELEASE

**Immediate Release**

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## **Proposed Budget Presents Opportunity for Meaningful Medicare Reform Debate**

**WASHINGTON – 5 Feb. 2007** – The president’s proposed 2008 budget released today contains a provision calling for automatic reductions in provider payments if Medicare expenditures funded by general revenue exceed 45 percent. This proposal attempts to address, in part, Medicare’s long-term financial problems, according to the **American Academy of Actuaries** senior health fellow.

“Public policy makers must address Medicare’s financial problems and rising health care costs,” Senior Health Fellow **Cori Uccello** said. “It is important the president recognizes Medicare’s financial challenges, but with the program’s long-term solvency and sustainability in jeopardy, there remains a need for broad reform.”

Medicare’s trust fund assets are projected to run out by 2018, when tax revenues will be sufficient to cover only 80 percent of the program’s costs—with the percentage decreasing thereafter. As health care costs continue to increase beyond the rate of inflation, Medicare will put a greater demand on the federal budget. Likewise, Medicare expenditures as a percentage of gross domestic product will continue to increase, threatening the program’s long-term sustainability.

“I am hopeful that this proposal will spur a debate in Congress about Medicare’s long-term financing problems so that a long-term solution can be achieved,” Uccello said. “The sooner the issue is addressed, the more flexible and gradual potential solutions can be.”

The American Academy of Actuaries is slated to release an issue brief on Medicare financing options in the near future. To find out more about the Academy, visit [www.actuary.org](http://www.actuary.org). To schedule an interview with Cori Uccello, contact Andrew Simonelli, media relations manager for the American Academy of Actuaries, at 202.785.7872.

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The American Academy of Actuaries is the public information organization for the U.S. actuarial profession. Academy committees, task forces, and work groups regularly prepare testimony and provide information to Congress and senior federal policy makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions, and other forms of risk financing.