



CROSS-PRACTICE ISSUES

Alert No. 2019-CP-4

April 22, 2019

Annual Social Security and Medicare Trustees' Reports Released

The Social Security and Medicare Boards of Trustees issued their annual reports on the financial status of the Social Security and Medicare programs today. The reports show that the Medicare Hospital Insurance (HI) Trust Fund will have sufficient funds to cover its obligations until 2026, and that the combined retirement and disability programs of Social Security have sufficient resources to fully cover benefits until 2035.

Medicare

The projected long-range financial condition of Medicare, according to the newly-released [2019 Medicare trustees' report](#), has declined slightly since last year, due to factors including lower assumed productivity growth, higher costs and lower trust fund income than expected in 2018, and lower real discount rates. The HI trust fund will have sufficient funds to cover its obligations until 2026, as projected in last year's report, with dedicated revenues covering 89 percent of HI costs thereafter. In addition, the projected HI deficit over the next 75 years is 0.91 percent of taxable payroll, an increase from 0.82 percent in 2018. The Supplementary Medical Insurance (SMI) trust fund is expected to remain solvent indefinitely because current law provides financing from general revenues and beneficiary premiums each year to meet the next year's expected costs. According to the report, SMI spending is expected to grow from 2.1 percent of GDP in 2017 to 3.7 percent of GDP over the next 25 years, and then more slowly to 4.2 percent of GDP by 2093.

In conjunction with the trustees' report, the Centers for Medicare & Medicaid Services Office of the Actuary issued a [memorandum](#) providing projections for Medicare spending under a hypothetical, illustrative scenario with alternative payment updates to Medicare providers.

Social Security

The [2019 Social Security trustees' report](#) indicates that the solvency of the Old-Age, Survivors, and Disability Insurance (OASDI) trust funds has improved slightly since last year's report due to new data and changes to assumptions and projection methods. The trust funds are projected to have sufficient revenue to pay benefits until 2035, compared to 2034 as estimated in last year's report. Taken separately, the Old Age and Survivors Insurance (OASI) trust fund is projected to exhaust its reserves in 2034, while the Disability Insurance (DI) reserves are projected to become depleted in 2052. The projected exhaustion date of the OASI trust fund is unchanged from last

year's report, while the DI fund's projected solvency has been extended by 20 years, from last year's projected exhaustion date of 2032. In 2035, annual revenues will be sufficient to fund 80 percent of scheduled benefits. Social Security's reserves, along with projected program income, are estimated to exceed its total cost over the next decade. The 75-year actuarial deficit for the combined trust funds is estimated at 2.78 percent of taxable payroll, down from 2.84 percent as estimated in 2018. Based on the current rate of inflation, Social Security beneficiaries are projected to see a 1.8 percent cost-of-living adjustment increase at the end of 2019.

Supplemental materials accompanying the 2019 Social Security trustees' report are available [here](#).

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