



Medicare: Today's Issue

January 13, 2004

BETTER BENEFITS – MORE CHOICES

*Good News about the Medicare Prescription Drug, Improvement
and Modernization Act of 2003!*

Protecting Medicare's Finances for Future Generations:

- ✧ The Medicare modernization law creates a new fiscal analysis requirement, “The Combined Medicare Trust Fund Analysis,” to help policymakers **address the future of Medicare's finances**.
- ✧ The new law requires the Medicare Trustees to expand upon their analysis of the combined expenditures and dedicated revenues of the Hospital Insurance and Supplementary Medical Insurance Trust Funds.
- ✧ Beginning with the 2005 report, the Trustees are required to alert the President and the Congress if spending growth causes general fund revenues to exceed 45 percent of total Medicare expenditures in that year, or is estimated to do so in the next six years. This **new fiscal safeguard** will help put the program on a **stronger financial foundation** by alerting future Congresses and Presidents when Medicare's dedicated revenues fall below adequate levels. The test can help indicate that a trust fund's financing is inadequate or that the general revenues provided under current law are becoming unduly large.
- ✧ If excess general revenue funding of Medicare is projected for 2 consecutive annual Trustee reports, this will be treated as a “funding warning,” triggering the President to submit a legislative proposal to Congress.
- ✧ Procedures are specified in the new law for House and Senate consideration so that the legislation to address funding warnings can be expeditiously moved through the legislative process.
- ✧ This new law will help ensure that the Medicare program remains financially sustainable for future generations.