

Senator Kent Conrad - Floor Statement - 3/8/01
SOCIAL SECURITY AND MEDICARE OFF-BUDGET LOCKBOX ACT OF 2001

Mr. CONRAD. Mr. President, the amendment I have sent to the desk is an amendment to provide protection to both the Social Security trust fund surplus and the Medicare Hospital Insurance Trust Fund surplus. Mr. President, this is legislation I offered last year that passed the Senate on a bipartisan basis with 60 votes.

I hope that again this year we can send a very strong signal in this body that we fully intend to protect the Social Security and Medicare trust funds; that we intend to establish a lockbox to wall off those trust funds from being used for any other purpose; that we would assure the American people that the Social Security trust fund and the Medicare Trust Fund will not be raided, will not be used for other spending, will not be used for any other purpose, will not be used for a tax cut; that we will assure those who are the beneficiaries of Social Security and Medicare--those who make payments to those programs--that the money they have paid in will be used for the purposes intended.

This amendment, very simply, takes the Medicare Hospital Insurance trust fund completely off budget the same way we have protected the Social Security fund. It would add points of order to ensure that neither Social Security nor Medicare surpluses could be used for any other purpose.

As you know, Social Security is already off budget. This amendment would treat the Medicare Trust Fund the same way as we already treat the Social Security trust funds. It would also create points of order against any legislation that would reduce the Medicare Hospital Insurance trust fund surpluses. Similar points of order already apply to Social Security.

In addition, the amendment strengthens existing rules that protect Social Security. For example, we establish a point of order protecting Social Security's off-budget status. Our amendment also includes a point of order protecting Social Security surpluses in every year covered by a budget resolution, which is a strengthening over current law. Again, this is largely, almost entirely, the amendment that passed the Senate Chamber last year with 60 votes, and it was a strong bipartisan vote.

Many of us believe we should not raid the Social Security and Medicare trust funds, period. Ninety-eight Senators voted last year in favor of this principle; 60 voted for my proposal; I believe over 50 voted for Senator Ashcroft's proposal. But when you looked at the vote, 98 Senators voted for one or the other. I ask my colleagues to again endorse that principle.

Again, if we look at the specifics, it protects Social Security surpluses in each and every year. It takes the Medicare Hospital Insurance trust fund off budget. It gives Medicare the same protections as Social Security, and it contains strong enforcement. That is precisely what we offered last year. That is precisely what passed last year. I hope we don't take a step backward this year and water down these protections.

Now, some have said if we save both the Social Security and Medicare trust fund surpluses that we will get into excess cash buildup between now and the end of this 10-year budget forecast period. Let me just indicate, as this chart shows, we can save all of the Social Security surplus, and all of the Medicare Hospital Insurance surplus, and not have any cash buildup problem until out in the year 2010. So we don't have a problem for 9 years of any cash buildup, no problem at all until the year 2010. So we have plenty of time to respond to that, if, indeed, it ever develops.

As we all know, this is based on a 10-year forecast. It is a forecast that may come true, and may not come true.

We are all working off a CBO projection that is a 10-year projection, which the forecasting agency itself tells us only has a 10-percent chance of coming through--10 percent. When we use this figure, \$5.6 trillion surplus over the next 10 years, the forecasting agency has told us that only has a 10-percent chance of coming true. There is a 45-percent chance it will be more; there is a 45-percent chance it will be less. The only prudent thing to do in those

circumstances is to bet that it may well be less because if, in fact, we overestimate, that has very serious implications of putting us back into deficit.

Speaker HASTERT said this about the House lockbox bill:

We are going to wall off Social Security trust funds and Medicare trust funds and consequently, we pay down the public debt when we do that..... So we are going to continue to do that. That's in the parameters of our budget, and we are not going to dip into that at all.

Unfortunately, the version that passed the House has an enormous trapdoor in it. They say they are walling off Social Security, they say they are walling off Medicare, but then when you read the fine print, you find out they do not really intend to do that at all. They are fully prepared to dip into those trust funds for other purposes. Our amendment prevents that.

If we do not protect the Medicare surplus, we will reduce the solvency of the Medicare Hospital Insurance Trust Fund, reversing years of steady progress in shoring up this program.

Let's have a brief history lesson and remind ourselves that in 1992 the Medicare trust fund was projected to become insolvent in the year 2002. That is just 9 years ago. The actuaries studied the program and said we are headed for insolvency in the Medicare program in the year 2002, but by last year, that date was estimated to be 2025, an improvement of 23 years. That is because of actions that were taken in the Congress of the United States to extend the solvency of the Medicare program.

Those efforts have worked, but if we now start to spend from the trust fund, and if we take the \$500 billion Medicare Part A trust fund surplus projected for the next 10 years and use it for other purposes, we will make Medicare insolvent by the year 2009, 16 years earlier than is now projected.

Some have argued that since beneficiary premiums only cover 25 percent of Medicare Part B costs, there is a deficit in that part of Medicare. Part B is funded by premiums and by the general fund.

The question before this body is, Do we protect the Hospital Insurance Trust Fund that exists for Medicare in the same way that we protect the trust fund that exists for Social Security?

Last year, overwhelmingly our colleagues said yes: we should provide the same protection to the Medicare trust fund that we provide the Social Security trust fund. I hope we will provide that same protection again this year.

Some say because Part B only has 25 percent of its costs covered by a premium, therefore it is in deficit. That is not what the law says or what the actuaries report, but that is the rhetoric being used by some who want to justify a raid on the Hospital Insurance Trust Fund for Medicare.

They are saying, yes, there is a trust fund for Part A of Medicare and, yes, it is in surplus by \$500 billion, but they say Part B only gets 25 percent of its costs covered by premiums; therefore, it is in deficit; therefore, there is no surplus anywhere in Medicare. That is simply false. We know that there is a Hospital Insurance Trust Fund designated in law, and it has \$500 billion, according to the Administration.

For those who say because Medicare overall is challenged fiscally, therefore there is no reason to protect the Hospital Insurance Trust Fund, let's just take that money and jackpot it and make it available for other expenditure, make it available for defense, make it available for agriculture, make it available for education, make it available for whatever other worthy purpose somebody might conjure up, make it available for a tax cut. The problem with that is, if you take the trust fund surplus that is in existence today in Medicare and you raid it and you use it for other purposes, you shorten the period of solvency of Medicare and you bankrupt the program. It is that simple. It is robbing Peter to pay Paul. It is digging the ditch deeper before starting to fill it in.

We should not tolerate raiding either the Social Security trust fund or the Medicare trust fund. In the private

sector, if anybody tried to raid the retirement funds of a company, if anybody tried to raid the health plans of a company, they would be in violation of Federal law. They would be on their way to a Federal institution. It would not be the Congress of the United States, and it would not be the White House. They would be incarcerated because they would have violated Federal law.

This is a critically important decision that we will make. This is a fundamental decision. Do we protect the Social Security trust fund? Do we protect the Medicare Hospital Insurance Trust Fund or don't we? Do we open the door to a raid on both those funds? I very much hope that the answer in this Chamber, as it was last year, is a resounding no; that we make very clear to any who would raid these trust funds that they are off limits, that they will not be touched, that we are not going to accept using these funds for other purposes. That is what the American people want us to do. That is what we will have an opportunity to do when we vote on this amendment, and we should not take other plans that use the same words but have a trapdoor to them that opens the door to a raid on these trust funds. That would be, I believe, a serious mistake.

One other thing I want to point out about the President's budget that is carefully hidden in the numbers: Although the President claims there is enough in his so-called contingency fund to protect Medicare, in fact that is not the case. In the year 2005, the contingency fund totals \$36 billion, but the Medicare trust fund surplus is \$47 billion. That means if you protect Medicare under the President's budget, you will be raiding the Social Security trust fund to the tune of \$11 billion in that year or you will be in deficit by \$11 billion.

I think that is another demonstration that the tax cut offered by the President is so large that it threatens to put us back into deficit, because that is exactly what it does in the year 2005 if you protect Social Security and Medicare. Under the President's budget, we will be back in deficit in the year 2005 if, in fact, we protect the trust funds of Social Security and Medicare.

I believe Senator Kerry is to be recognized for final debate on his amendment. I look forward to talking more about this amendment tomorrow, on Monday and again on Tuesday.

I conclude by saying once more that last year we had a strong bipartisan vote. We had nearly 20 Republican Senators join a group of Senators on this side. We had over 60 votes to protect Social Security and Medicare trust funds. I hope we have a vote that is even stronger this year.

I yield the floor.