

**Social Security Advisory Board
Minutes
September 15, 2010
Board Meeting**

Location: 400 Virginia Avenue, S.W., Suite 625
Washington, D.C. 20024

Time: 8:45 a.m. – 4:00 p.m.

SSAB_Members: Barbara Kennelly, Chair (A)
Dana Bilyeu
Jagadeesh Gokhale
Dorcas Hardy
Marsha Katz (by telephone)
Mark Warshawsky

Presenters: Stephen Goss, Chief Actuary, SSA
Alice Wade, Deputy Chief Actuary (Long-Range), SSA
Clare McFarland, Deputy Director, Medicare and Medicaid Cost
Estimates Unit, CMS
Wendi Bukowitz, Managing Director, RGSquared, LLC

SSAB_Staff: Katherine Thornton, Staff Director
Debi Sullivan, Deputy Staff Director
Joel Feinleib
Beverly Rollins
George Schuette
David Warner

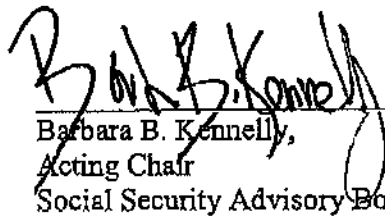
During its executive sessions the Board focused on a number of issues, including its 2011 meeting calendar, its "2020 Visioning Workshop" planned for October in Denver, and two papers that are currently in progress.

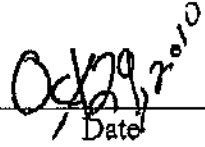
The Board met with Stephen Goss, Alice Wade, and Clare McFarland to discuss the Old-age, Survivors, and Disability Insurance (OASDI) and Medicare Trustees' Reports. The Trustees project that long-range outlook for the Social Security Trust Funds remains unchanged from 2009. The combined assets of the OASDI Trust Funds will be exhausted in 2037, the same as projected last year. The Trustees also project that program costs will exceed tax revenues in 2010 and 2011, be less than tax revenues in 2012 through 2014, and then exceed tax revenues permanently beginning 2015, one year earlier than estimated in last year's report. The worsening of the short-range outlook for the Social Security Trust Funds is due in large part to the recent economic downturn.

The Trustees project that the financial status of the Hospital Insurance (HI) Trust Fund is substantially improved by the lower expenditures and additional tax revenues instituted by the Affordable Care Act. These changes are estimated to postpone the exhaustion of HI Trust Fund assets from 2017 under the prior law to 2029 under current law and to 2028. Despite this significant improvement, however, the Fund is still not adequately financed over the next

10 years. HI expenditures have exceeded income annually since 2008 and are projected to continue doing so under current law through 2013. The Supplemental Medical Insurance Trust Fund is adequately financed over the next 10 years and beyond because premium and general revenue income for Parts B and D are reset each year to match expected costs. However, further Congressional overrides of scheduled physician fee reductions, together with an existing "hold-harmless" provision restricting premium increases for most beneficiaries, could jeopardize Part B solvency and require unusual measures to avoid asset depletion.

I certify that the minutes written for the
September 15, 2010 meeting of the Social Security
Advisory Board are correct.


Barbara B. Kennelly,
Acting Chair
Social Security Advisory Board


Date