



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## ADVISORY

### THE COMMITTEE ON WAYS AND MEANS AND THE SENATE COMMITTEE ON FINANCE

FOR IMMEDIATE RELEASE

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#### Thomas and Grassley Announce Joint Hearing on the Social Security and Medicare Trustees' 2001 Annual Reports

Congressman Bill Thomas (R-CA), Chairman of the Committee on Ways and Means, and Senator Chuck Grassley, Chairman of the Senate Committee on Finance, today announced that their committees will hold a joint hearing to examine the findings and recommendations made by the Board of Trustees of the Social Security and Medicare Hospital Insurance trust funds in its 2001 Annual Reports on the financial status of the trust funds. **The hearing will take place on Tuesday, March 20, 2001, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony will be heard from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

#### **BACKGROUND:**

The Board of Trustees was established under the Social Security Act to oversee the financial operations of the Old-Age and Survivors Insurance and Disability Insurance (OASDI) and the Medicare Hospital Insurance (HI) trust funds. The Board is composed of six members: the Secretary of the Treasury (who is the Managing Trustee), the Secretary of Labor, the Secretary of Health and Human Services, the Commissioner of Social Security, and two members who are appointed by the President and confirmed by the Senate to serve as public trustees for four-year terms. The Social Security Act requires that the Board of Trustees report annually to the Congress on the financial and actuarial status of the OASDI and HI trust funds. The *2001 Annual Reports* are scheduled to be released shortly.

Ensuring the financial viability of Medicare and Social Security is one of Congress' most important responsibilities. The annual release of the Trustees' Report provides a valuable update on the programs' fiscal well-being.

Over the past few years, the Trustees' annual reports have shown an improvement in the financial status of the OASDI trust funds, mainly due to increased economic growth. The *2000 Annual Report* projected that the combined OASDI trust funds would begin running cash flow deficits in 2015 and would become insolvent in 2037. In that year, annual payroll taxes would be sufficient to pay 72 percent of promised benefits. President Bush has expressed his commitment to reforming Social Security and has announced his intention to strengthen Social Security and modernize the program for young and future workers, beginning with a Presidential Commission on Social Security reform. The findings of the Trustees will provide invaluable support to the Commission and the responsible committees in the House and Senate as proposals to save Social Security are considered.

The release of the *2001 Annual Report* on the Medicare HI trust fund report will be particularly timely, because its findings will establish the financial parameters against which Medicare modernization plans will be evaluated. Over the next several months, Congress will be developing a comprehensive Medicare improvement package that will include a universally available outpatient prescription drug benefit. The Trustees' Report will help members evaluate new Medicare spending proposals and begin discussion on whether new solvency measures are needed to ascertain the program's overall financial standing.

In announcing the hearing, Chairman Thomas stated: "This historic joint hearing reflects our desire to work in a bipartisan and bicameral fashion to understand the fundamental challenges facing the long-term health of both Social Security and Medicare. I look forward to this hearing and to the report of the non-partisan Social Security and Medicare Trustees."

Chairman Grassley said, "This joint committee hearing underscores the importance the committees place on ensuring the financial viability of these programs. The trustees' findings will provide critical guidance as we work to improve and strengthen Medicare and Social Security for the baby boomers and beyond."

#### **FOCUS OF THE HEARING:**

The hearing will examine the findings and recommendations of *The 2001 Annual Reports of the Board of Trustees of the Federal OASDI and HI Trust Funds*. The hearing will focus on the long-run financial status of the Social Security and Medicare HI programs.

#### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Any person or organization wishing to submit a written statement for the printed record of the hearing should *submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and hearing date noted on a label*, by the close of business, Tuesday, April 3, 2001, to Allison Giles, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Committee office, room 1102 Longworth House Office Building, by close of business the day before the hearing.