

Statement of Robert D. Reischauer

Nominee for the Positions of Public Trustee of the Federal Old Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund

Committee on Finance
United States Senate
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Chairman Hatch, Senator Wyden and members of the Committee, I am honored to have been re-nominated by President Obama to be one of the two public trustees of the Social Security and Medicare Trust Funds and I thank you for your willingness to evaluate my qualifications for these positions.

Social Security and Medicare are vital elements of the nation's social and economic fabric, providing essential financial support and access to medical care for millions of people with disabilities, the elderly and families of deceased workers. Not surprisingly, these programs are very popular, representing, as they do, part of an intergenerational social compact that binds together those of different ages, economic circumstances, and social situations. Social Security and Medicare, as two of the federal government's largest programs, are also important to the nation's economy and loom large in the federal budget. Given their importance in all these ways, it is critical that the financial and operational integrity of Social Security and Medicare be unimpeachable. It is also essential that the public retains trust in the programs' continuity and has a balanced understanding of the challenges ahead.

Like many older Americans I have a close personal as well as professional relationship with both the Social Security and Medicare programs. I receive benefits from both programs, pay payroll taxes to their several Trust Funds, and standard and income-related premiums for my supplementary medical and prescription drug coverage. With the exception of my experience as a victim of Social Security identity

fraud I am a very satisfied participant and think my experience as a beneficiary has provided me with perspectives that are valuable for my professional relationship with the programs.

Along with Dr. Charles Blahous, I served as a public trustee from October 26, 2010 through July 22, of 2015. This was one of the most interesting and rewarding assignments I have had in my 46 year Washington career. It is also one that has given me confidence that Congress can establish and the federal government can operate processes that work and work well.

As you know, a primary responsibility of the Boards of Trustees of the Social Security and Medicare programs is to report to Congress each year on the past and future statuses of the several trust funds. The work involved in putting together these annual reports is carried out largely by the Working Group, which consists of the two public trustees, Assistant Secretary level representatives of the Secretaries of the Treasury, Health and Human Services and Labor Departments and a Deputy Commissioner level representative of the Commissioner of Social Security. The representatives of the ex-officio trustees are supported by extremely able professional staffs. In addition, the Social Security and Medicare actuaries play critically important roles providing estimates, analyses, methodological guidance and historical perspective during the Working Group's discussions.

The Working Group meets frequently, especially in the fall and early winter. All of the members suggest topics for the agenda. The discussion focusses on the current statuses of the trust funds, how and why they may differ from what was projected in recent reports, and what these difference might imply for future projections. The Working Group carefully examines and, if needed, revises the critical demographic, economic and programmatic assumptions and data that are required to generate projections. It also evaluates possible methodological and presentational improvements.

The process is not a closed one. On occasion, outside experts are invited to present their perspectives on issues on which the Working Group has not reached consensus. In addition, every four or so years the Social Security Advisory Board and the Department of Health and Human Services appoint technical panels of leading outside experts to review the demographic and economic assumptions and the methodologies and the presentation of the Social Security and Medicare trustees' reports. The Working Group pays serious attention to the recommendations of these panels.

Early in the year, the Offices of the Actuary generate draft reports that reflect the deliberations of the Working Group. The drafts are circulated among all of the members of the Working Group and there then ensues a comment and revision process that can only be described as exhaustive and exhausting. All comments and suggested revisions are circulated to and commented on by the entire group.

Reflecting back on the five report cycles I have participated in, I am struck by its quality. The discussion is robust and sophisticated. The input from the professional staffs of the several departments, the Social Security Administration and the Offices of the Actuaries, not to mention the Actuaries themselves, is uniformly excellent. The atmosphere is collegial and the decisions are consensual. The deliberations are devoid of partisan or ideological bias as all seek to produce reports that are balanced and objective. In my opinion, the Congress and the American people are well served by the existing trustee process and should this Committee and the full Senate agree, I would be honored to serve another term.

When I appeared before this Committee in July of 2010, I discussed aspects of my professional experience that bore on my qualifications to carry out the responsibilities of the position of public trustee. I will not elaborate on them again but rather provide some summary

facts. As an economist and policy analyst, I have focused most of my research, writing and speaking on the federal budget, Social Security and Medicare. I helped Alice Rivlin set up the Congressional Budget Office in 1975 and served in several positions, including deputy director, there until 1981. I was CBO's director from 1989 to 1995. I am a founding member of the National Academy of Social Insurance (NASI) which in 2012 bestowed its Robert Ball Award on me. I served for nine years as the Chair of NASI's Restructuring Medicare for the Long-Term project. I am a member of the National Academy of Medicine (Institute of Medicine) and have served on five Institute Committees the most recent of which examined the geographic variation in Medicare and other health spending.

I served for nine years on the Medicare Payment Advisory Committee, seven as Vice Chair, and was a member of the Medicare Competitive Pricing Advisory Committee, which was chartered by Congress to explore ways competitive bidding might be used to set Medicare payments private plans.

The various positions, commissions, and boards I have served in and on, most importantly my five years as a public trustee, have provided me with the technical, methodological, and programmatic expertise necessary to fulfill the duties and responsibilities of a public trustee and, if confirmed, I will carry them out with the objectivity, seriousness and skill they deserve.

Thank you.