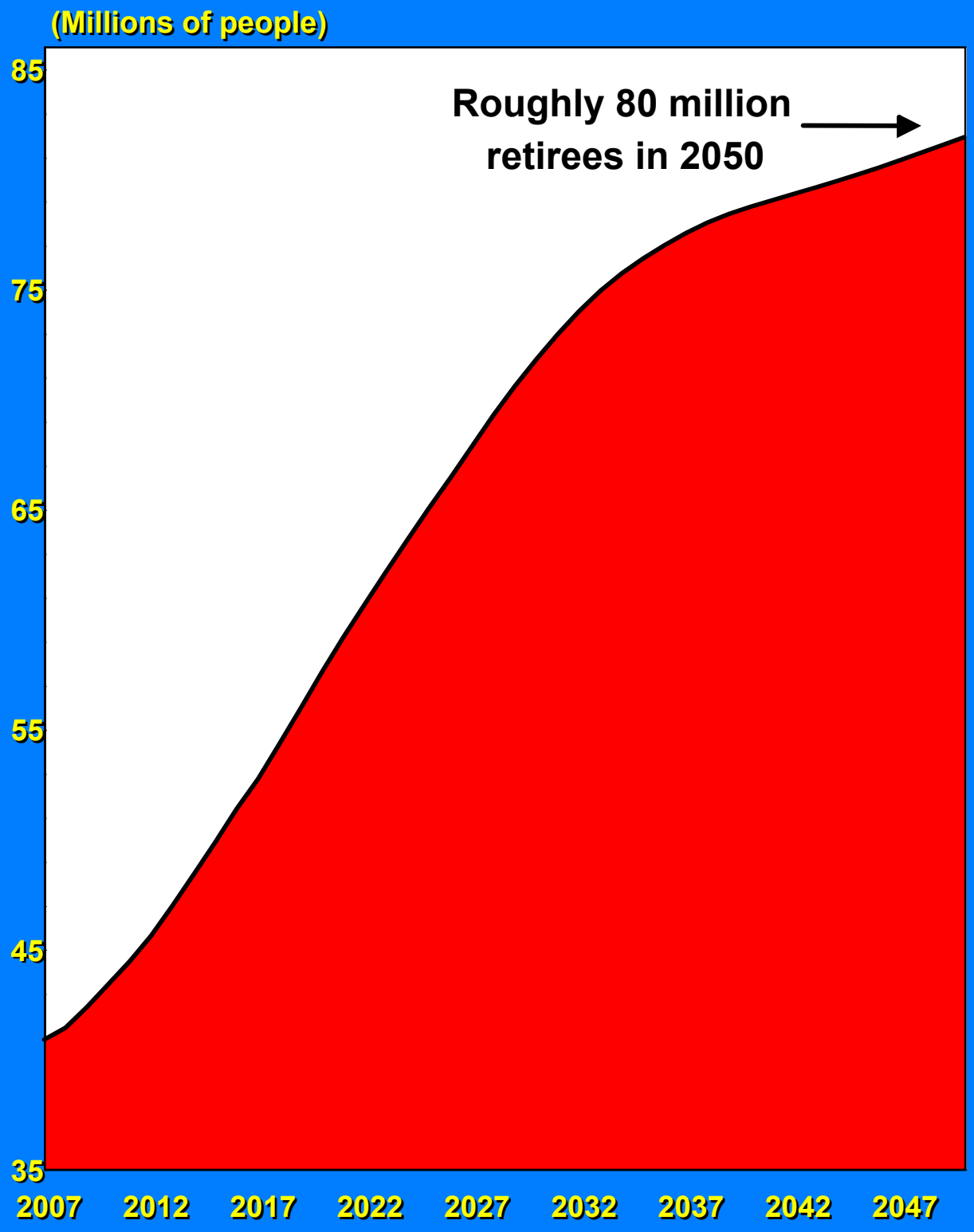
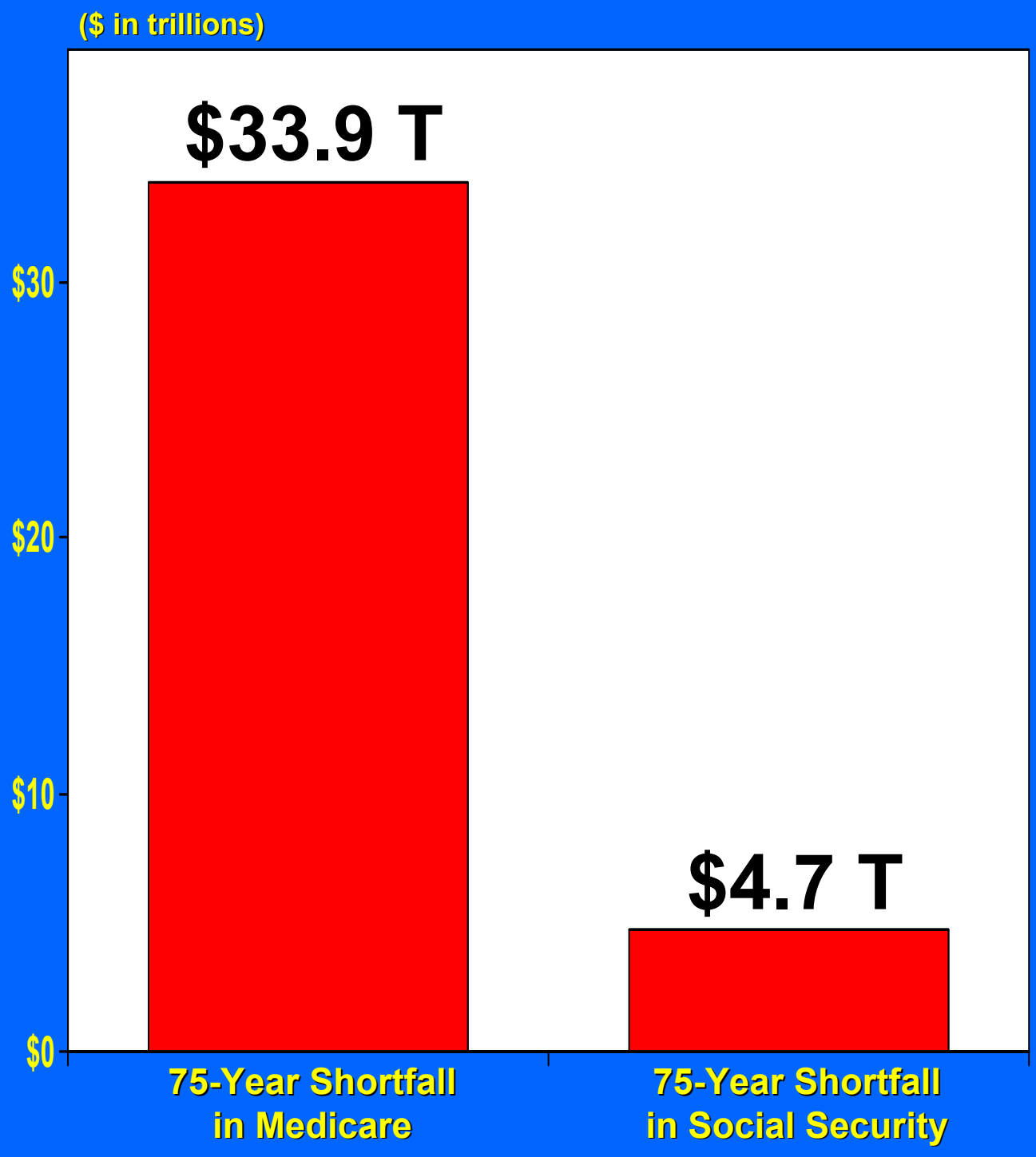
Baby Boom Generation Creates Demographic Tidal Wave



Source: 2007 Social Security Trustees Report
Note: OASI beneficiaries

Comparing Long-Term Costs of Medicare and Social Security

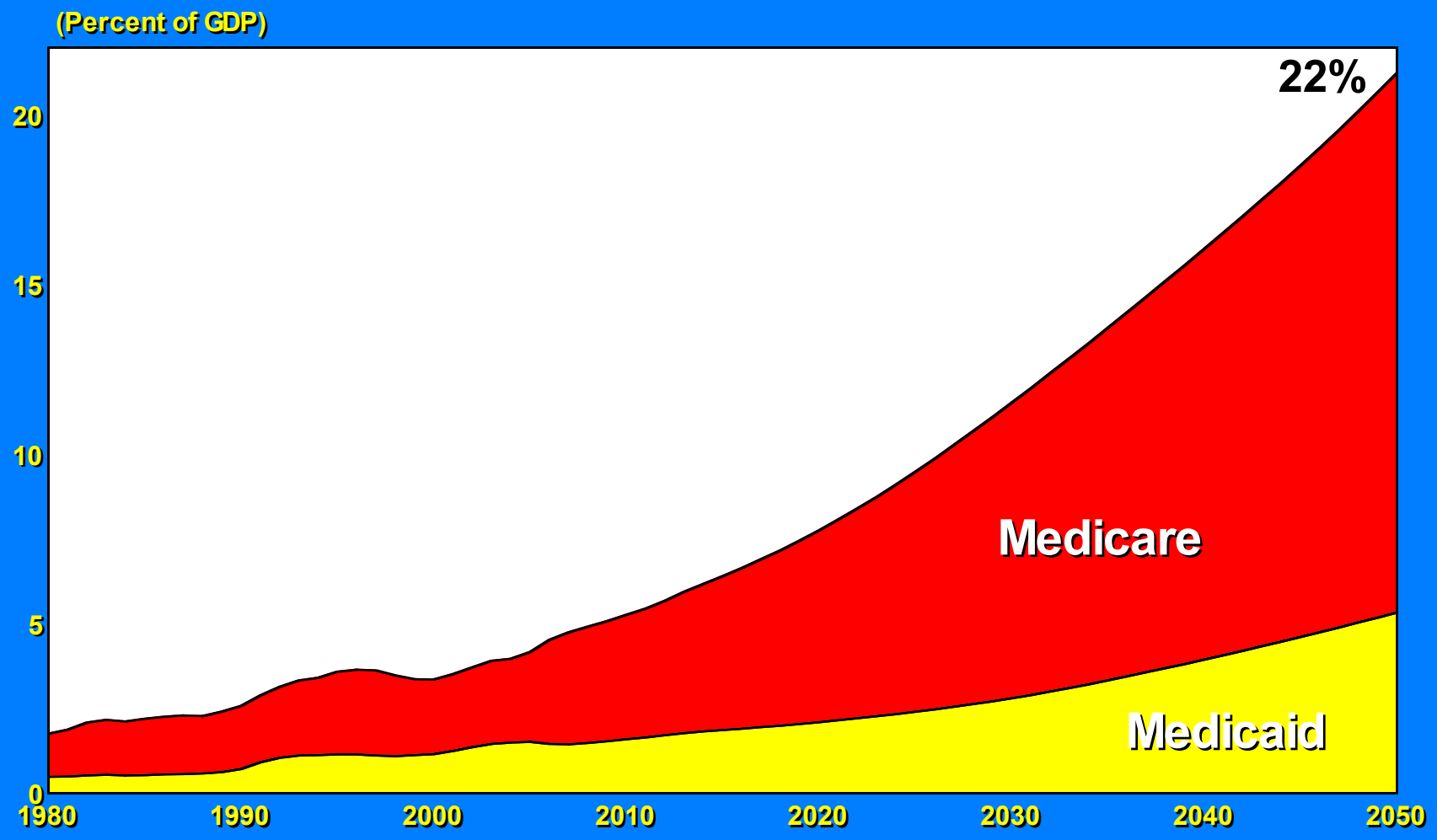
Present Value of Costs Over Next 75 Years



Source: Social Security Trustees 2007 Annual Report

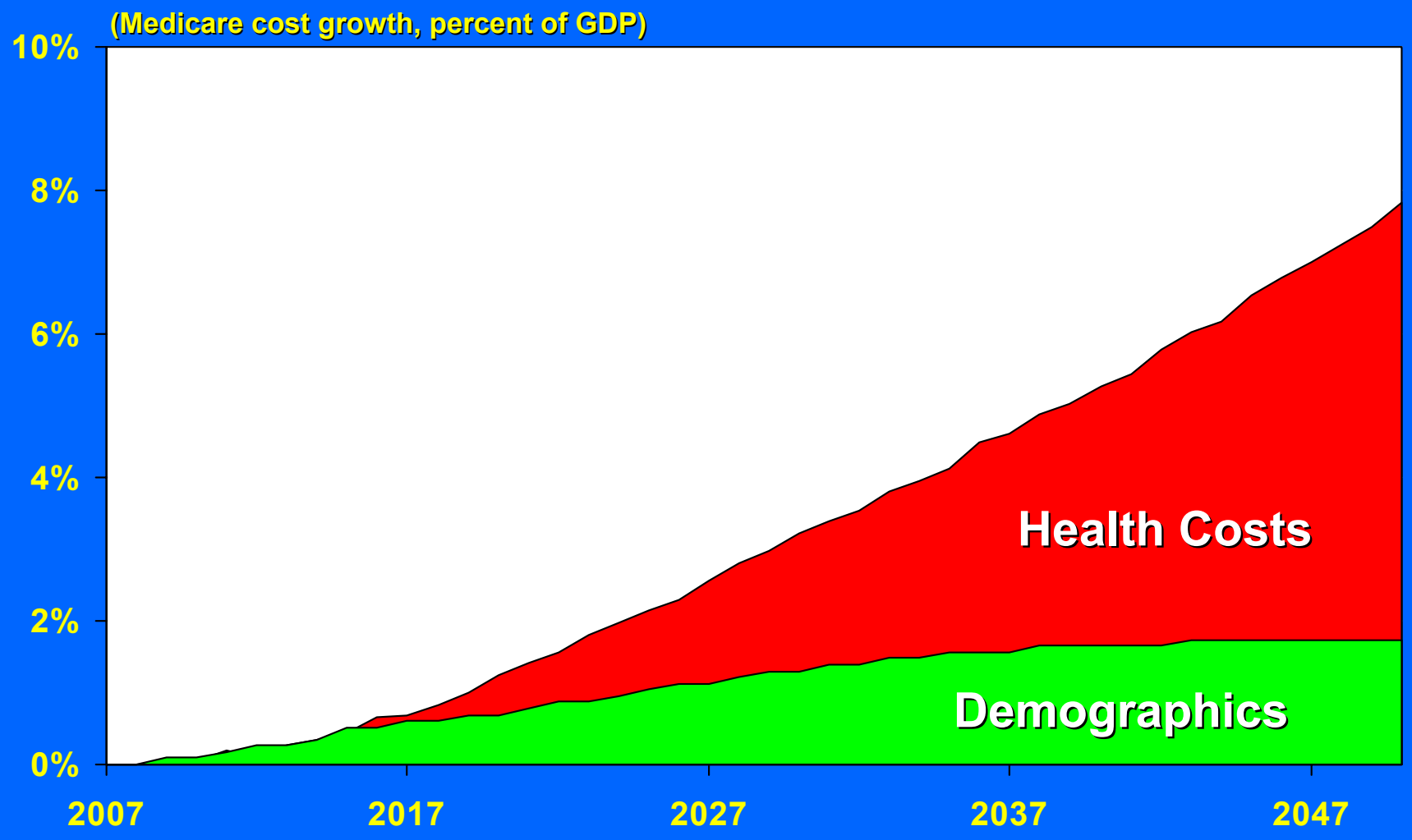
Medicare and Medicaid Spending as a Percent of GDP

1980-2050



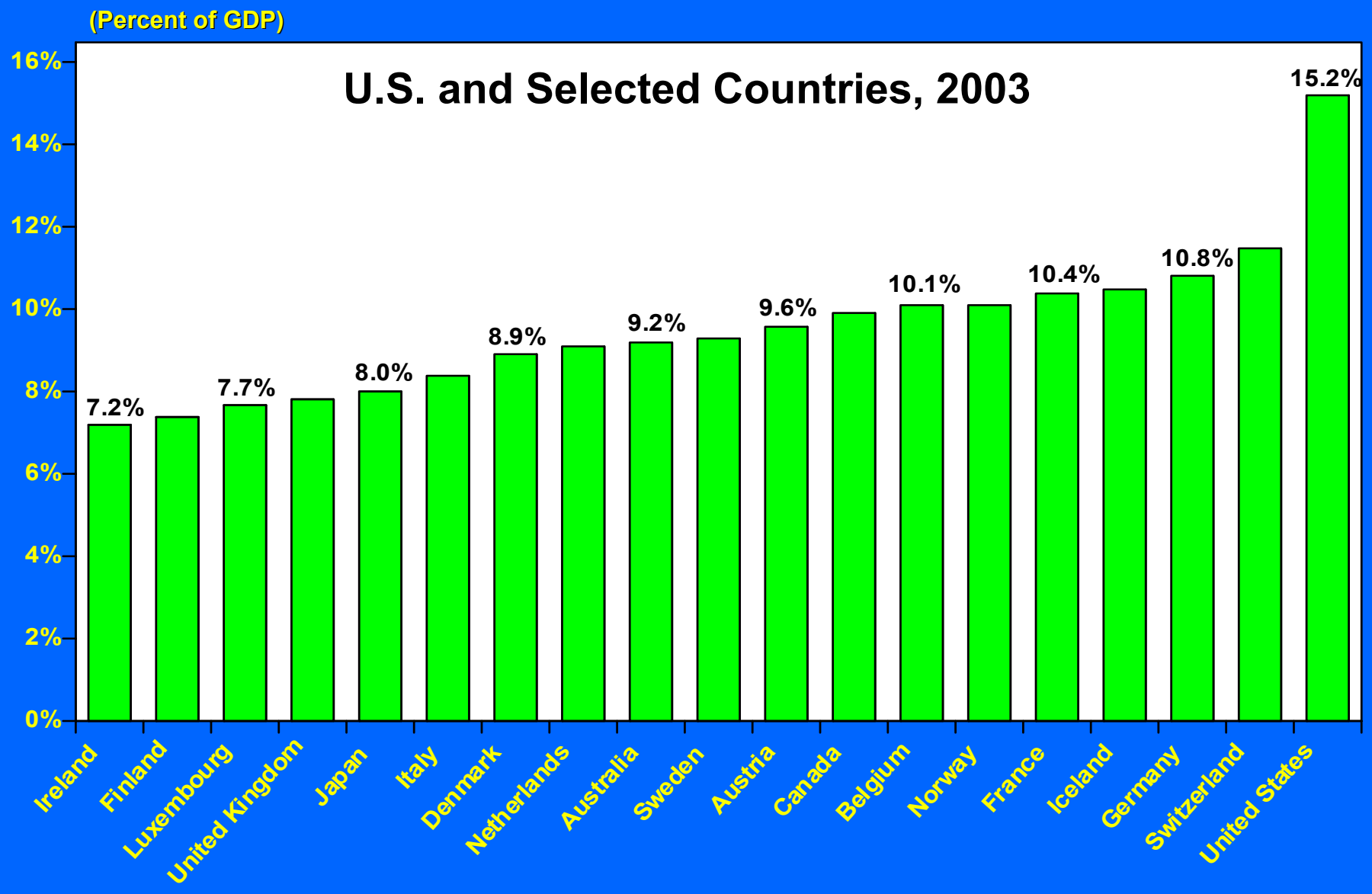
Source: CBO Long-Term Budget Outlook, December 2005. Projections assume excess cost growth of 2.5 percent for Medicare and Medicaid.

Rising Health Care Costs Driving Medicare Cost Growth



Source: CBPP projections based on CBO data.

Total Health Expenditures as a Share of GDP



Source: Organization for Economic Co-operation and Development, October 2006

Reform of Medicare and Medicaid Requires Overall Health Care Reform

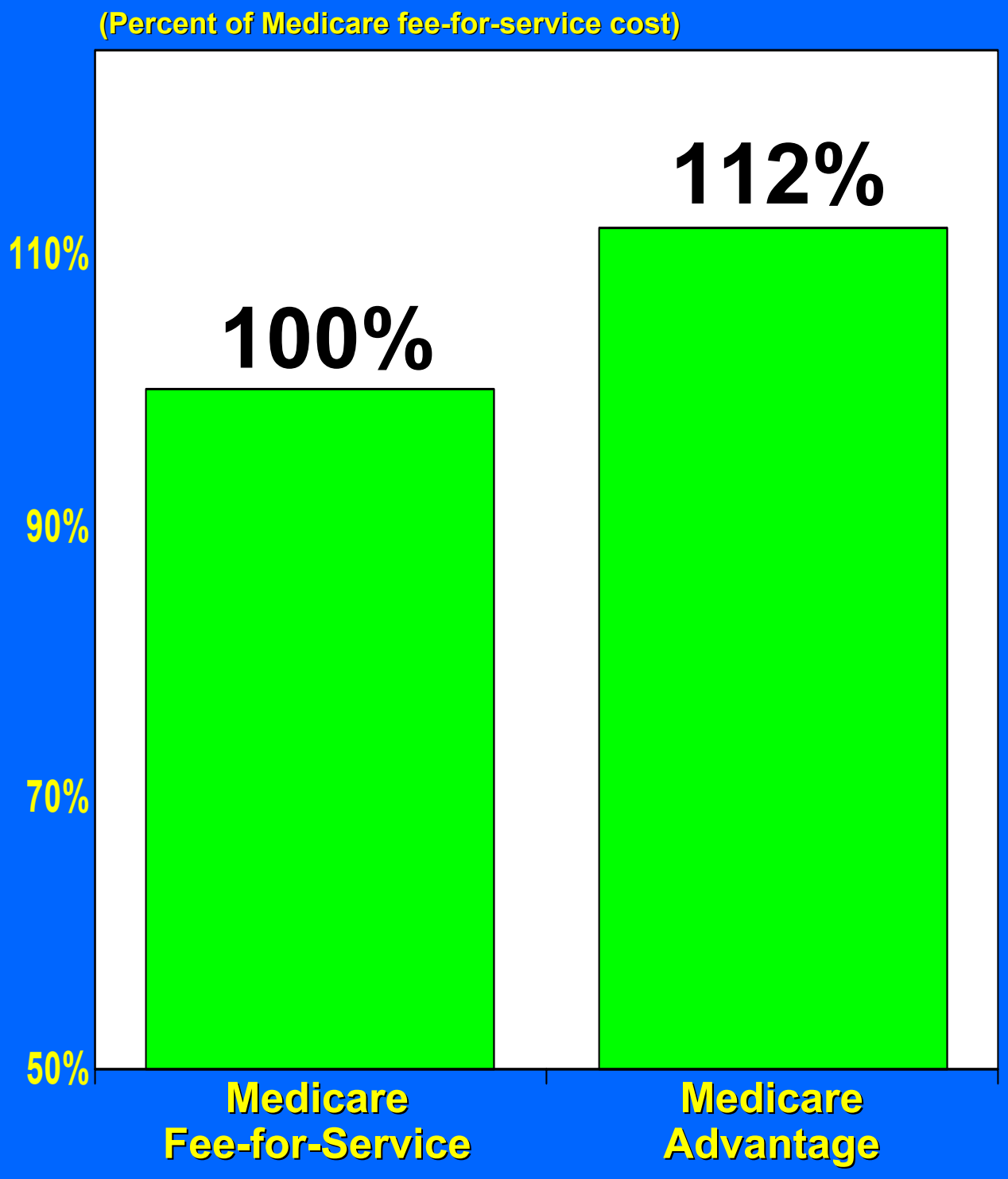
"[F]ederal health spending trends should not be viewed in isolation from the health care system as a whole.... Rather, in order to address the long-term fiscal challenge, it will be necessary to find approaches that deal with health care cost growth in the overall health care system."

– Government Accountability Office Comptroller General David Walker
Testimony before House Budget Committee
February 2005

Budget Resolution Provisions Addressing Health Care Costs

- Program integrity initiatives to crack down on waste, fraud, and abuse
- Health IT reserve fund
- Comparative Effectiveness reserve fund

Medicare Advantage Plans Cost More than Traditional Medicare



Source: MedPAC, 2006
Note: National average