

Congress of the United States

Washington, DC 20515

June 14, 2011

The Honorable Barack Obama
President
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

Our country faces extraordinary economic challenges: a soaring budget deficit, a jobs deficit, and a leadership deficit in Washington that has resulted in our failure to confront a looming debt crisis. These fiscal problems are driven in large part by the unsustainable growth in health care entitlement programs and an inability to credibly face our budget challenges that severely undermines confidence in our economy. The failure of politicians to put forward real solutions that will save and strengthen these critical programs is threatening the economic security of American families and the health security of America's seniors. Just last month, we learned that Medicare's Hospital Insurance Trust Fund will become insolvent by 2024, only 13 years from now.

On May 13, 2011, the Medicare Trustees not only warned us that Medicare's insolvency date had advanced five years since last year's report but also confirmed that the program is now running a \$32 billion cash-flow deficit. To pay current benefits, the program is redeeming tens of billions of dollars in treasury debt instruments and dramatically contributing to our nation's surging publicly held debt. More troubling is that, in total, Medicare faces \$36.8 trillion dollars in unfunded obligations over the next 75 years, according to Medicare's non-partisan Chief Actuary.

For the sixth consecutive year, the Trustees have projected that general revenues will account for more than 45 percent of all of Medicare's outlays. When Medicare breaches this limit, section 802 of P.L. 108-173, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), requires the President to submit a legislative proposal to Congress to respond to the warning within 15 days of the next budget. Yet again, the Medicare Trustees have issued a funding warning that requires action by your administration. In fact, the Trustees have urged action "sooner rather than later" in order to "minimize adverse impacts on vulnerable populations."

As Chairman and Ranking Member of the House and Senate Budget Committees, respectively, we are deeply disappointed that your administration continues to ignore this legal obligation. In 2008, the previous administration submitted a proposal to Congress that took steps to address Medicare's fiscal imbalance. By contrast, your administration has not provided a response to the annual Medicare trigger, ignoring the law in each of the past three years. This year your budget did not even acknowledge the existence of the Medicare funding warning.

The country deserves honest leadership on this critical issue. The Fiscal Year (FY) 2012 budget that you submitted to Congress this year showed a lack of seriousness about the major fiscal challenges before the nation. And, although you abandoned this budget in a subsequent speech, your administration still has not formally submitted a revised FY2012 budget to Congress. Meanwhile, Senate Democrats have not passed a budget in 776 days, disregarding legal statute and further eroding the integrity of the federal budget process. Now more than ever is the time to fulfill our obligations under the law rather than skirt them, and we would respectfully suggest that this mandate extends to the Medicare warnings issued each year that you have been in office.

Under the budget you submitted to Congress, Medicare as we know it will soon be unable to meet its promises to current beneficiaries. Rather than impose cuts on current beneficiaries and leave Medicare bankrupt for future generations, the House-passed FY2012 budget resolution outlines reforms to preserve and protect Medicare for those in or near retirement while saving and strengthening the program for future generations. Given the severity of this problem and your legal obligations, the nation needs leadership on this issue. Therefore, we reasonably expect your administration to submit a detailed legislative proposal to Congress addressing the Medicare funding warning as required by law.

We look forward to receiving a proposal from you that responds to the Medicare warning and to working with you to strengthen the health and economic security of those we have the honor to serve.



Paul Ryan
Member of Congress
Chairman
House Budget Committee

Sincerely,



Jeff Sessions
U.S. Senator
Ranking Member
Senate Budget Committee