

United States Senate

COMMITTEE ON THE BUDGET

WASHINGTON, DC 20510-6100

TELEPHONE: (202) 224-0642 FAX: (202) 224-4835

February 4, 2013

The Honorable Jeffrey Zients
Acting Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Zients,

Both the House and Senate Budget Committees, along with the Senate Republican Conference at large, have previously corresponded with the administration regarding its continued violation of federal law with respect to the so-called Medicare Trigger. The Senate will soon consider the nomination of Jacob Lew, who served as the Director of Office Management and Budget during this period of non-compliance and who, if confirmed as Secretary of the Treasury, will also hold the position of Chairman of the Board of Medicare Trustees. Pursuant to our committee's oversight responsibilities, we are therefore writing to request documents pertaining to the Medicare Trigger to better ascertain Mr. Lew's role in this matter during his time as budget director.

Specifically, Section 1105 of Title 31 of the U.S. Code requires the President to submit a legislative proposal to Congress to resolve funding warnings issued by the Medicare Trustees. Federal law states that *"If there is a Medicare funding warning under section 801(a)(2) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 made in a year, the President shall submit to Congress, within the 15-day period beginning on the date of the budget submission to Congress under subsection (a) for the succeeding year, proposed legislation to respond to such warning."*

The administration has failed each of the last four years to respond to these funding warnings despite receiving several communications from Congress urging them to comply with this unambiguous legal requirement. Those letters are attached. Two of those four years, 2010 and 2011, Mr. Lew was the Director of the Office of Management and Budget, the entity directly responsible for drafting and submitting fiscal proposals to Congress and complying with federal budget law. He also served in that office for part of 2012.

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Given that the Secretary of the Treasury will be responsible for issuing Medicare funding warnings and will serve as the Chairman of the Board of Trustees of the Medicare Trust Funds, we need a better understanding of the administration's decision not to comply with Medicare law and Mr. Lew's role in that decision.

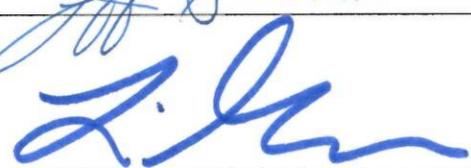
We therefore request the following submissions be sent to Congress so that we may properly consider Mr. Lew's nomination:

1. A detailed legislative proposal responsive to the latest Medicare funding warning to bring the administration into compliance with federal law;
2. All documents, electronic or otherwise, received, reviewed or authored by Mr. Lew regarding responding to Medicare funding warnings during his most recent tenure at the Office of Management and Budget.

We appreciate your attention to this matter and look forward to receiving a response.

Very truly yours,

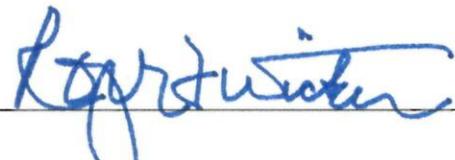
















Congress of the United States

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.

Sincerely,



Paul Ryan
Member of Congress
Chairman
House Budget Committee



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

United States Senate

WASHINGTON, DC 20510

June 15, 2011

President Barack H. Obama
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear President Obama:

We write to urge you to submit a legislative proposal to Congress in response to the Medicare funding warning issued in the 2010 Medicare Trustees' Report. Such a proposal would help prevent the bankruptcy of this vital program for America's seniors and keep the federal government from going further into debt. Furthermore, such a proposal would put your Administration back in compliance with federal law.

Your Administration is currently in violation of section 802 of P.L. 108-173, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA). The MMA required the Medicare Trustees to include in their annual report an estimate of whether general fund revenues will finance more than 45 percent of total Medicare expenditures in any of the following six years. If the Trustees estimate in two consecutive years that the 45-percent limit will be breached within a seven year timeframe, the Administration is then required to submit a legislative proposal that would address the funding crisis within 15 days of submitting its annual budget proposal to Congress.

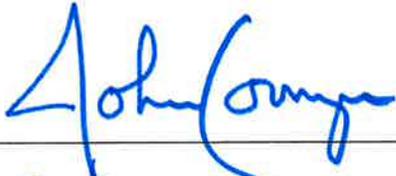
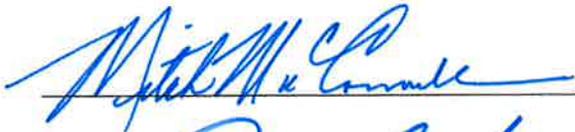
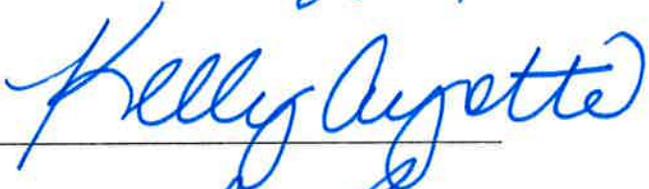
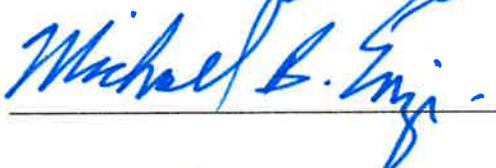
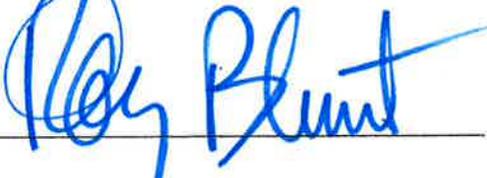
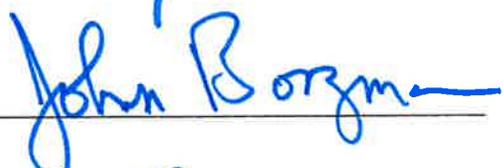
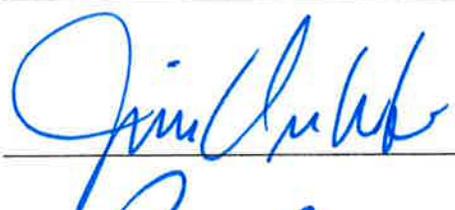
The Medicare Trustees have complied with federal law and have issued funding warnings every year since 2007. In 2008, the Bush Administration, in compliance with Section 802 of the MMA, submitted a legislative proposal to Congress, which was never acted upon. Your Administration, however, has failed to submit such a proposal for the last three years.

This not only defies federal law but also abdicates your Administration's responsibility to lead. As you know, mandatory spending is currently projected to grow at an average of 5.4 percent per year over the next 10 years, growing from \$2 trillion in 2012 to \$3.3 trillion by 2021. The largest claim on the budget over the next 75 years is Medicare, estimated at \$35 trillion.

President Barack Obama
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We ask you to comply with the law and submit to Congress the Administration's legislative proposal addressing the Medicare funding warning included in the 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Sincerely,

Jerry Moran

Rob Portman

Mr. Pitt (FL)

Ron Johnson

Rand Paul

Samy Chandra

Mike Crogo

Boucarrh

Tom Colon

Chuck Grassley

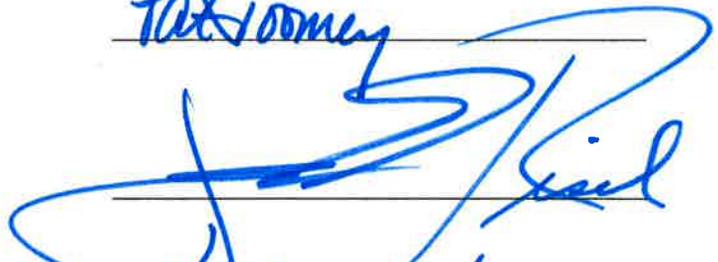


John H. Brown

Jay Levins



Tim Wainwright



Jay Bailey

Mike Johnson

Jan DeMint



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