

POLITICS

MAY 13, 2011, 1:27 P.M. ET

Medicare and Social Security Outlook Worsens

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WASHINGTON—The **Medicare trust fund will be exhausted five years earlier than previously thought**, trustees for the program said on Friday, in a projection that puts pressure on Congress and the Obama administration to deal with the program's long-term financial strains.

The **Medicare program that covers hospital stays will be exhausted in 2024**, the Social Security and Medicare Board of Trustees said. The shortfall is due to higher projected health-care costs and lower payroll taxes, a symptom of the recent recession that reduced contributions from workers and employers.

Social Security reserves will be exhausted in 2036, one year earlier than previously estimated, mostly because people are living longer. But lower levels of immigration and weaker earnings as unemployment remains relatively high also played a role.

Amid these projections, Treasury Secretary Timothy Geithner said lawmakers should enact a long-term fix to the programs.

"Today's reports make clear that while both Social Security and Medicare have sufficient resources to meet their obligations for at least the next decade, it is important that we put in place reforms to strengthen these programs," Mr. Geithner, one of the trustees, said in a statement.

The report comes as Congress is wrangling with whether to deal with the two big entitlement programs as part of efforts to curb the federal deficits. While top negotiators from both parties have said that the Social Security program will not be part of any current deal, Medicare remains a big topic of discussion.

Medicare's shortfall could also be worse than currently projected if the 2010 health-care law that is President Barack Obama's signature legislation does not achieve expected savings.

"If the legislation's cost-reducing innovations in the delivery of and payment for health services were not successful, or if health-care providers could not accommodate the slower growth in Medicare payment rates mandated by the new law, Medicare costs would be significantly higher than shown in the trustees report," the trustees said.

At the end of last year, 43.8 million people received Social Security retirement and survivors benefits. Some 10.2 million people received disability payments, and 47.5 million people were covered by Medicare.

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