

# 'Obamacare' improves Medicare funding outlook

June 1 2013

---

Funding for Medicare health insurance has improved due to health care reforms, but the US Social Security trust fund was still expected to run out in 2033, the government reported Friday.

Medicare, the public health-insurance program for seniors, will deplete its main trust fund in 2026, two years later than projected last year, thanks to President [Barack Obama](#)'s new health-care law, said Treasury Secretary Jacob Lew.

But the trust fund for the [Social Security](#) program, which provides retirement and disability benefits, was projected to be exhausted in 2033, the same estimate as last year, according to the annual financial review of the programs.

The review came as fresh budget negotiations loom for the White House and Congress, with the long-term challenges to [funding](#) retirement and other entitlement programs in focus.

Republicans are seeking to force the Obama administration to dramatically reform entitlement benefits like Social Security, Medicare, and Medicaid, the [health care program](#) for the poor, in order to pare long-term deficits and government borrowing.

The challenges remained significant in the report.

For Medicare, after 2026 the government projected that funding with

payroll tax revenues would shrink "slowly" to 87 percent of needs in 2033 and about 70 percent in 2050, according to the review.

When Social Security exhausts its full funding after 2033, payroll tax income was projected as enough to finance "more than three quarters" of scheduled benefits through 2087.

Lew credited Obama's health care reforms with the Medicare funding gains.

"The Medicare report demonstrates, once again, the importance of the Affordable Care Act, which has strengthened Medicare's finances by reining in [health-care](#) costs," he told a news conference.

The act, a centerpiece of President Barack Obama's administration and a flashpoint for opposition Republican critics, began to roll out in 2012 and will take effect in 2014.

Among its Medicare provisions, the act expands coverage for preventive services for less cost and offers a discount on certain brand-name prescription drugs. Eligibility for Medicare benefits begins at age 65.

"Social Security and Medicare are meeting their commitments today, and they will continue to meet their commitments in the years ahead," said Lew, acknowledging the programs face "long-term challenges."

"But more must be done. The president recognizes how essential reform is, and he is determined to work on a bipartisan basis to put Social Security and [Medicare](#) on a stronger footing," the Treasury chief said.

© 2013 AFP

Citation: 'Obamacare' improves Medicare funding outlook (2013, June 1) retrieved 3 May 2024

from <https://medicalxpress.com/news/2013-06-obamacare-medicare-funding-outlook.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.