



CROSS PRACTICE ISSUES

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Annual Social Security and Medicare Trustees Reports Released

On June 2, 2022, the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds and the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds issued their annual reports on the financial status of the Social Security and Medicare programs. The Medicare trustees report shows that Medicare Hospital Insurance (HI) Trust Fund will have sufficient funds to cover its obligations until 2028, and that the Social Security trustees report indicates the combined retirement and disability programs of Social Security have sufficient resources to fully cover benefits until 2035.

Medicare

The 2022 Medicare trustees report indicates the COVID-19 pandemic and recession of 2020, which were reflected in last year's reports, will not have a long-term impact on Medicare solvency. The HI Trust Fund will be able to pay scheduled benefits until 2028, 2 years later than what was reported last year, with dedicated revenues covering 90 percent of scheduled payments for the HI program (or Medicare Part A) in 2028, declining to 80 percent in 2046, and increasing again to 93 percent in 2096. In addition, the HI deficit over the next 75 years is projected to decrease slightly from 0.77 to 0.70 percent of taxable payroll. The Supplementary Medical Insurance (SMI) trust fund (covering Medicare Parts B and D) is expected to remain solvent indefinitely because current law provides financing from general revenues and beneficiary premiums each year to meet the next year's expected costs. According to the Medicare Trustees report, SMI spending is expected to grow dramatically over the projection period, placing a strain on the federal budget and beneficiaries.

The Academy's Medicare Committee today has published an in-depth issue brief, [*An Actuarial Perspective on the 2022 Social Security Trustees Report*](#). The Academy has updated its [*Medicare's Long-term Sustainability Challenge*](#) Essential Elements publication to reflect the 2022 Medicare Trustees Report to additional information surrounding the current state of the Medicare program.

Social Security

The 2022 Social Security trustees report indicates that the projected solvency of the Old-Age, Survivors, and Disability Insurance (OASDI) trust funds increased slightly since last year's report. The assumptions for this report were set in mid-February 2022. Developments since then have added to the uncertainty regarding the path of the COVID-19 pandemic and the economy. The Trustees have indicated they will continue to monitor these and any future developments and modify the projections in later reports as appropriate.

The combined trust funds are projected to have sufficient revenue to pay scheduled benefits until 2035. Taken separately, the Old Age and Survivors Insurance (OASI) trust fund is projected to exhaust its reserves in 2034, compared to 2035 as estimated in last year's report. Unlike last year's projection, the Disability Insurance (DI) Trust Fund is no longer projected to be depleted within the 75-year projection period. By comparison, last year's report projected that it would be able to pay scheduled benefits only until 2057. The 75-year actuarial deficit for the combined trust funds increased from 3.54 to 3.42 percent of taxable payroll since the 2021 reports.

The Academy has updated its [Securing Social Security](#) Essential Elements publication to reflect the 2022 Social Security Trustees Report to provide more information. The Academy's Social Security Committee will soon be publishing a more in-depth issue brief, *An Actuarial Perspective on the 2022 Social Security Trustees Report*.

Upcoming event: Please Join the Academy for an upcoming Capitol Forum Webinar: Social Security and Medicare Trustees Reports: A Deep Dive Discussion by the Programs' Chief Actuaries - June 17 | Noon to 1:30 p.m. EDT

If you have any questions regarding this *Academy Alert*, please contact Marietta Richman, Legislative and Regulatory Analyst (richman@actuary.org).

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