

Nomination to be Public Trustee of Social Security and Medicare

Statement of Robert D. Reischauer

Committee on Finance  
United States Senate  
July 29, 2010

Mr. Chairman and members of the Committee, I am honored to have been nominated by the President to be one of the two public trustees of Social Security and Medicare, and I appreciate your willingness to review my qualifications for the position.

As you know very well, Social Security and Medicare are vital elements of the nation's social and economic fabric, providing essential financial support and access to medical care for millions of elderly and disabled persons and families of deceased workers. Not surprisingly, these programs are very popular, representing, as they do, part of an intergenerational social compact that binds together those of different ages, economic circumstances, and social situations. Social Security and Medicare, as two of the federal government's largest programs, are also important to the nation's economy and loom large in the federal budget. Given their importance in all these ways, it is critical that the financial and operational integrity of Social Security and Medicare be unimpeachable. It is also essential that the public retains trust in the programs' continuity and has a balanced understanding of the challenges ahead.

While little recognized, the public trustees of Social Security and Medicare bear important fiduciary responsibilities for these two programs. On behalf of the public, the two trustees must help assure that the methods, assumptions, and data used to estimate the short-, intermediate-, and long-term financial and operational positions of the programs are objective and are the best possible. Trustees also have an obligation to help communicate, in a balanced

and intelligible way to the average program participant, the current status of and future prospects for the programs.

With that as background, let me review some aspects of my professional experience that bear on my suitability to carry out the responsibilities of a public trustee of Social Security and Medicare. I have spent the past four decades as an economist and policy analyst focused on social policy, the federal budget, and health care. Much of my research, writing, and speaking has dealt with the Social Security and Medicare programs. With Henry Aaron, I am the author of *Countdown to Reform: The Great Social Security Debate* (1998, revised 2001). During the efforts to reform Social Security in the late 1990s, I participated in numerous forums and was invited to meet with many members of Congress and Committees to discuss options. In January 1999, I was one of only two resource experts invited to participate in the Blair House Social Security Summit meeting of the Congressional Leadership and President Clinton.

I am one of the founding members of the National Academy of Social Insurance (NASI), which promotes understanding of how social insurance programs like Social Security and Medicare contribute to economic security and a vibrant economy. I served for nine years as the Chair of NASI's Restructuring Medicare for the Long-Term project and am a co-editor with Judy Lave and Stuart Butler of the NASI volume *Medicare: Preparing for the Challenges of the 21<sup>st</sup> Century* (1998). I am a member of the Institute of Medicine and have served on four IOM Committees.

I served for nine years on the Medicare Payment Advisory Committee, seven of those as Vice Chair. I was a member of the Medicare Competitive Pricing Advisory Committee, which Congress chartered to explore ways competitive bidding might be used to set Medicare payments to private plans.

My entire professional career, including my years as the Director of the Congressional Budget Office and President of the Urban Institute, has been dedicated to providing policy makers, the public, and the media with objective, high quality, nonpartisan analysis of and options for dealing with the challenges facing the nation, including those of Social Security and Medicare. I realize that the position of public trustee does not involve policy making or advising, but as this review indicates I am intimately familiar with the technical details of these two programs and how they fit into the larger policy picture. Thus, I have the ability to carry out the fiduciary, methodological, and technical responsibilities of a public trustee. If confirmed, I will carry out these duties with the seriousness and skill they deserve.

Thank you.