

## TRUSTEES SAY MEDICARE TRUST FUND STILL SET TO BE INSOLVENT IN 2026, EVEN WITH COVID-19

The long-awaited Medicare Trustees 2021 report, released Tuesday (Aug. 31), shows COVID-19 did not substantially affect when the hospital trust fund will be insolvent, as the trustees continue to project that will occur in 2026 -- a date some experts said should be a warning sign for policymakers and which some Republican lawmakers immediately said is a reason not to expand Medicare benefits. The trustees call for Congress and the administration to promptly address the fund's solvency.

"The sooner solutions are enacted, the more flexible and gradual they can be," the report says of potential solutions to what the trustees call Medicare's financial challenges. "The early introduction of reforms increases the time available for affected individuals and organizations--including health care providers, beneficiaries, and taxpayers--to adjust their expectations and behavior. The Trustees recommend that Congress and the executive branch work closely together with a sense of urgency to address these challenges."

However, the report indicates the trustees don't expect COVID-19 to exacerbate those challenges, as the pandemic is not expected to have a large effect on the financial status of the program

beyond 2024. Medicare was dramatically affected by the pandemic, the report says, as payroll taxes decreased, costs for testing and treatment of COVID-19 went up and regulatory and legislative provisions increased program costs. But the report says spending for non-COVID-19 care declined so much compared to 2019 spending and 2020 expectations that it more than offset the additional pandemic costs for last year.

Prescription drugs, durable medical equipment, physician-administered drugs and hospice services were not materially affected by the pandemic, according to the report.

Deferred care continued into early 2021 due to the large wave of COVID-19 cases, the report says. "As care that was reduced or deferred returns, the trend in the latter part of 2021 is slightly higher than anticipated previously," the report adds, and the return of deferred care is expected in 2022 with more intensive services and higher costs than previously estimated.

The 2026 insolvency date might not have moved, but the country is one year closer to that date and policymakers don't have a solution to the problem.