



A Bizarre Report

Written August 10, 2010 by John Goodman

I have been watching the release of the Medicare Trustees reports for many years and I have never seen anything as strange as what happened last week.

Although these reports are normally carefully embargoed, Health and Human Services Secretary Kathleen Sebelius [released parts of it](#) (the parts most consistent with the administration's spin) several days in advance. Then Sebelius, Treasury Secretary Timothy Geithner and other trustees, all with happy faces, appeared for the [formal release](#) last Thursday, where one person was notably absent: Medicare's chief actuary, Richard Foster.



Enterprising reporters who researched all the way to the end of the report (page 281), where Foster's sign-off signature would normally appear, found instead a statement disowning the entire report, encouraging readers to ignore it, and diverting everyone's attention to an [alternative report](#) prepared by the office of the Medicare actuaries.

As noted the other day [at my blog](#), I think I can safely say this has never happened before in the history of Medicare.

So now you know why it took until August to release a report that normally appears in April. No, it wasn't because health reform is so complicated that it took many months to figure out how it would affect Medicare. It was because an internally divided Obama administration feared the potential embarrassment of being repudiated by its own accountants!

But first things first. What the White House wants the message to be is this: The new health reform law has added 12 years to the life of Medicare's (Part A) Trust Fund. Now unless you possess an inside-the-Beltway morbid fascination with Ponzi schemes this isn't very interesting news. Like the Social Security trust fund, the highway trust fund and just about every other federal trust fund, Medicare's trust fund does not hold any real assets. It only holds IOUs the government has written to itself. (For Social Security, the IOUs are pieces of paper stored in filing cabinets; for Medicare, they are all electronic.)

How many IOUs Medicare holds is one of the least important things there is to know. I believe the president, through executive order, could double and triple their number. But that's not how

the administration wants you to think. President Obama, Secretary Sebelius, Secretary Geithner and others in on the spin want you to believe that somehow the health reform act has enhanced Medicare's ability to pay seniors' medical bills.

And this is decidedly not the case. As the [Congressional Budget Office](#) and [Richard Foster](#) separately explained in the spring, Medicare savings can either be used to subsidize health insurance for young people, or to pay the medical bills of the elderly and the disabled — but not both!

In this regard, it may be helpful to remember why Bernie Madoff is in prison. It's not because he wrote IOUs to himself. It's because he pretended that money used for his own consumption was also available to pay off investors.

Perhaps one day the rules that were used to convict Madoff will also apply to federal officials.

John C. Goodman is president and CEO of the National Center for Policy Analysis. He is also the Kellye Wright Fellow in health care. The mission of the Wright Fellowship is to promote a more patient-centered, consumer-driven health care system. Dr. Goodman's [health policy blog](#) is considered among the top conservative health care blogs on the internet where pro-free enterprise, private sector solutions to health care problems are discussed by top health policy experts from all sides of the political spectrum.