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An annual report on the financial condition of Social Security and Medicare forecasts the programs' trust funds will cease to be fully funded by 2033 and 2036, respectively. Although that does not seem like much time to a lot of people, it is light years away for Congress. We don't expect serious action to remedy the situation until at least after the 2028 elections. At that point, tax hikes, eligibility changes, and benefit cuts will all be on the table.

Recently, we noted that once the FAA reauthorization bill is complete, Congress's work will be mostly finished until after the November elections. There are some exceptions, including the House's work on its version of the Biosecure Act. Legislation could be released as early as Friday with the goal of attaching it to the National Defense Authorization Act (NDAA) at year-end.

Social Security and Medicare Trust Fund Reports

The Trustees of the Social Security and Medicare Trust Funds recently released their annual report on the financial status of the two funds. The report found both trust funds continue to face significant financing issues, although the Medicare trust fund seems to be in better shape than a year ago. Despite this looming problem, congressional action is still several years away.

The 2024 annual report found that the Social Security trust fund (formally, the Old-Age and Survivors Insurance Trust Fund) will be able to pay 100% of total scheduled benefits until 2033. This estimate is unchanged from the 2023 report. At that point, the fund's continuing program income will be sufficient to pay only 79% of scheduled benefits. The report also found that the Medicare trust fund (formally, Hospital Insurance Trust Fund) will be able to pay 100% of total scheduled benefits until 2036. This forecast is 5 years later than projected in 2023. At that point, the fund's program income will be sufficient to pay only 89% of total scheduled benefits.

Politically, 2033 and 2036 are both in the distant future, so it is unlikely that Congress will make any serious efforts to address Social Security and Medicare until after the 2028 elections. When the time comes to consider modifications to the programs, tax increases and adjustments in retirement ages for future beneficiaries will likely both be on the table. We can say that now because it is a simple case of math. However, the political debate is too far away and too much can change in the intervening years to know now exactly how Congress will allocate each response (tax versus retirement age).

Biosecure Act in the House

On Friday, we expect House sponsors will release their version of the Biosecure Act. The bill will likely prohibit the federal government from contracting with or extending loans or grants to any company with current or future commercial arrangements with a "biotechnology company of concern." Such companies are biotechnology companies that are headquartered in, or subject to, the jurisdiction of a foreign adversary's government and pose a threat to American national security. Foreign adversary governments include China, Russia, Iran, and North Korea. Similar to the Senate version of the bill, the House bill could also name specific companies related to the People's Republic of China such as BGI, MGI, Complete Genomics, WuXi Apptec, and their affiliates as "companies of concern."

The House's Biosecure Act could be marked up as early as next week and be voted on by the full House during a "China Week," which could occur in June or July. We think the ultimate goal is to attach the Biosecure Act to the NDAA, which will likely be finalized during a lame duck session of Congress following the November election (probably in December).

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