



Report to the Ranking Member,
Subcommittee on Social Security,
Committee on Ways and Means,
House of Representatives

July 2019

SOCIAL SECURITY AND MEDICARE

Improved Schedule Management Needed for More Timely Trust Fund Reports

Accessible Version

GAO Highlights

Highlights of [GAO-19-596](#), a report to the Ranking Member, Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The Social Security Act requires boards of trustees to issue reports to Congress by April 1 each year on the financial status of the Social Security and Medicare trust funds. Policymakers and others can use these reports to understand the programs' finances, conduct oversight, and consider legislative proposals for the programs. GAO was asked to review the timeliness of these reports.

This report (1) describes how the boards of trustees develop the annual Trustees reports, and (2) examines the extent to which the boards of trustees have provided the reports to Congress by the April 1 deadline since 1995, and what factors account for any delays.

GAO reviewed boards of trustees meeting minutes from 1995-2018, working group agendas from 2011-2018, and report development schedules and the annual Trustees reports from 1995-2019; as well as relevant federal law. GAO also interviewed agency working group officials from SSA and CMS; the Departments of Health and Human Services, Labor, and the Treasury; and eight former public trustees who served since 1995.

What GAO Recommends

GAO recommends that Treasury take steps to work with the other trustees to improve schedule management for developing the annual Trustees reports, and to establish a policy to inform congressional committees of jurisdiction about expected delays in issuing the reports. Treasury agreed with the recommendations.

View [GAO-19-596](#). For more information, contact Elizabeth Curda at (202) 512-7215 or curdae@gao.gov or James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

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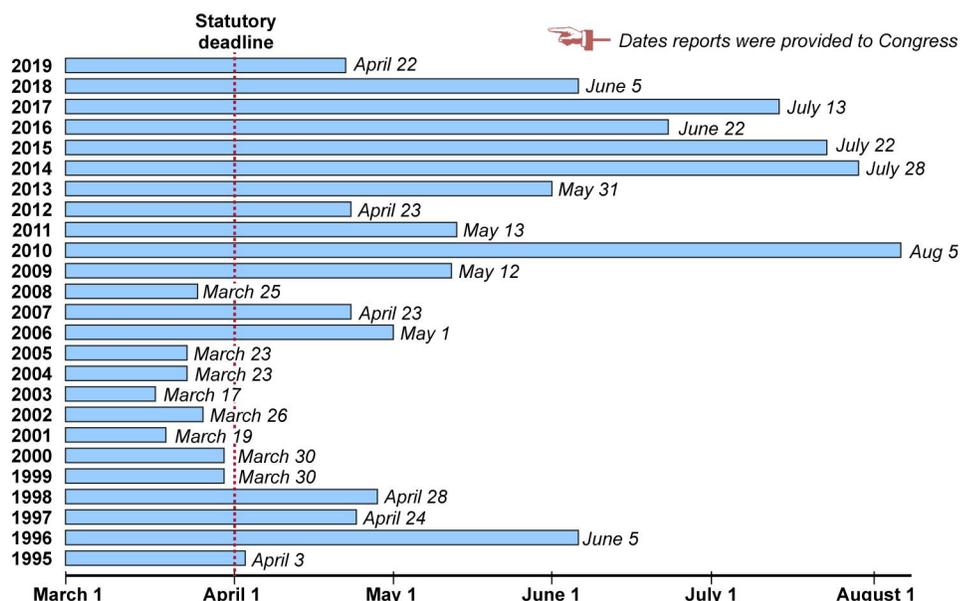
Improved Schedule Management Needed for More Timely Trust Fund Reports

What GAO Found

Annual reports on the status of Social Security and Medicare trust funds are developed through a collaboration between agency officials and trustees, which include relevant Cabinet members and public members nominated by the President (if confirmed). Offices of the Chief Actuaries from the Social Security Administration (SSA) and the Centers for Medicare & Medicaid Services (CMS) submit data and draft reports to a working group of agency officials representing trustees and any public trustees. The working group reviews the information and, after gaining consensus, submits it to the boards of trustees for final approval. The boards of trustees send the final reports to Congress.

The trustees missed the April 1 statutory deadline for submitting the reports to Congress in 17 of the 25 years from 1995 to 2019, and have issued them more than 2 months late in 6 of the last 10 years (see figure). According to agency officials and former public trustees GAO interviewed, factors that may account for delays include late-breaking changes to assumptions or data, and difficulty scheduling the boards' meetings. Additionally, contrary to GAO's guide on best practices for project schedules, officials have not taken steps to update the report-development schedules to reflect actual progress, maintained a formally documented baseline schedule to incorporate lessons learned from prior years, or notified Congress of their progress. Without taking steps to improve report-development schedule management, these trust fund reports will likely continue to be untimely, missing the April 1 statutory deadline. Also, without improved efforts to keep congressional committees informed, Congress will be unaware of when the reports will be issued, potentially hindering oversight of the trust funds.

Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)



Source: GAO analysis of Social Security and Medicare Trustees reports. Department of the Treasury officials confirmed the sources of the dates. | GAO-19-596

Data Table for Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)

Year	Statutory deadline	Dates reports were provided to Congress
2019	April 1	April 22
2018	April 1	June 5
2017	April 1	July 13
2016	April 1	June 22
2015	April 1	July 22
2014	April 1	July 28
2013	April 1	May 31
2012	April 1	April 23
2011	April 1	May 13
2010	April 1	August 5
2009	April 1	May 12
2008	April 1	March 25
2007	April 1	April 23
2006	April 1	May 1
2005	April 1	March 23
2004	April 1	March 23
2003	April 1	March 17
2002	April 1	March 26
2001	April 1	March 19
2000	April 1	March 30
1999	April 1	March 30
1998	April 1	April 28
1997	April 1	April 24
1996	April 1	June 5
1995	April 1	April 3

Contents

GAO Highlights		ii
	Why GAO Did This Study	ii
	What GAO Recommends	ii
	What GAO Found	ii
Letter		1
	Background	3
	Agency Officials and Trustees Follow a Collaborative Process Each Year to Develop the Trustees Reports	4
	The Boards Have Frequently Missed the Statutory Deadline and Have Not Effectively Managed the Report-Development Schedule	11
	Conclusions	17
	Recommendations for Executive Action	18
	Agency Comments and Our Evaluation	18
Appendix I: Assumptions Discussed in the 2019 Social Security and Medicare Trust Fund Reports		20
Appendix II: Comments from the Department of the Treasury		21
	Text of Appendix II: Comments from the Department of the Treasury	22
Appendix III: Comments from the Social Security Administration		24
	Text of Appendix III: Comments from the Social Security Administration	25
Appendix IV: GAO Contacts and Staff Acknowledgments		26
Tables		
	Data Table for Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)	iii
	Data Table for Figure 1: Annual Cycle for Developing the Trustees Reports	6

Data Table for Figure 2: Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)	12
Table 1: Initial Trustees Report Development Schedules Did Not Significantly Change From 2014-2019	16
Table 2: Assumptions Discussed in the 2019 Social Security and Medicare Trust Fund Reports	20

Figures

Figure 1: Annual Cycle for Developing the Trustees Reports	5
Figure 2: Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)	12

Abbreviations

CMS	Centers for Medicare & Medicaid Services
DI	Disability Insurance
DOL	Department of Labor
HI	Hospital Insurance
HHS	Department of Health and Human Services
OACT	Office of the Actuary
OASDI	Old-Age, Survivors, and Disability Insurance
OASI	Old-Age and Survivors Insurance
OCACT	Office of the Chief Actuary
PPACA	Patient Protection and Affordable Care Act
SMI	Supplementary Medical Insurance
SSA	Social Security Administration
SSAB	Social Security Advisory Board
Treasury	Department of the Treasury

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July 30, 2019

The Honorable Tom Reed
Ranking Member
Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives

Dear Mr. Reed:

The Social Security and Medicare programs receive funding from trust funds that generally receive payroll taxes from current workers and employers, among other sources, and pay out benefits to current beneficiaries.¹ Most Americans have a stake in the financial condition of the trust funds. At the end of 2018, approximately 176 million people contributed to the Social Security and Medicare trust funds through payroll taxes, about 63 million people received Social Security benefit payments, and about 60 million people were covered by Medicare. Information on the financial condition of the trust funds can be used by policymakers, agencies, researchers, and the public to understand the programs' finances and evaluate any policy changes to the programs.

Boards of trustees manage the Social Security and Medicare trust funds and report annually to Congress on their financial status, under the Social Security Act, which requires the boards of trustees to provide the reports

¹ For the purposes of this report, we refer to both the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs together as "Social Security," and both the Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) programs together as "Medicare." Social Security is financed through the OASI Trust Fund, which pays retirement benefits, and the DI Trust Fund, which pays disability benefits. These trust funds receive funding from payroll taxes, taxes on Old Age, Survivors, and Disability Insurance (OASDI) benefits, and interest earnings. Medicare is largely financed through two trust funds: the HI Trust Fund, and the SMI Trust Fund. The HI Trust Fund pays for inpatient hospital services, home health services following hospital stays, services provided in skilled nursing facilities, and hospice care for the aged and disabled, and it receives funding from payroll taxes, taxes on OASDI benefits, interest earnings, and other sources. The SMI Trust Fund pays for physician care, outpatient hospital care, home health care, and other services for the aged and disabled who have voluntarily enrolled, and subsidizes access to drug insurance coverage on a voluntary basis for all beneficiaries, as well as premium and cost-sharing subsidies for low-income enrollees. It receives funding from general revenues, beneficiary premiums, transfers from states, interest earnings, and other sources. These lists are not exhaustive of the coverage provided through these programs.

(Trustees reports) to Congress each year by April 1.² The boards have six trustees: four from federal agencies and two who are members of the public, when confirmed. The boards issue one report on Social Security and one on Medicare.

Given the importance of these programs and the responsibility of Congress to oversee them, you asked us to review the timeliness of the reports. This report (1) describes how the boards develop the annual Social Security and Medicare Trustees reports, and (2) examines the extent to which the boards have provided the Trustees reports to Congress by the April 1 deadline since 1995, and what factors account for any delays.

To determine how the boards developed the Trustees reports, we examined documentation from the boards and their working group, interviewed agency officials and former public trustees, and reviewed relevant federal law and the boards' bylaws. Since the current bylaws for the boards were adopted in 1995, we reviewed documentation from 1995-2018. Documentation included the meeting minutes of the boards from 1995-2018, and meeting agendas of the boards' working group from 2011-2018.³ Additionally, we spoke with officials involved in developing or reviewing the reports since 1995. We interviewed officials from the agencies represented on the boards: the Departments of Health and Human Services (HHS), Labor (DOL), and the Treasury (Treasury), as well as the Social Security Administration (SSA). In addition, we interviewed officials from the Social Security Advisory Board (SSAB), an independent federal agency that reviews the policies and programs administered by SSA and makes recommendations for their improvement. We also interviewed the eight former public trustees who served since 1995.

To determine the extent to which the boards have met the statutory deadline, we identified the transmittal dates of the Trustees reports from 1995 to 2019. To identify the factors accounting for any delays in reports issuance, we reviewed report development schedules from 1995 to 2019

² 42 U.S.C. §§ 401(c), 1395i(b), and 1395t(b). There are three boards of trustees: the Board of Trustees of the OASI and DI Trust Funds, the Board of Trustees of the HI Trust Fund, and the Board of Trustees of the SMI Trust Fund. They operate using bylaws adopted in 1995. For the remainder of this report, we use the term "the boards" to collectively refer to these boards.

³ Treasury officials provided available working group agendas starting in 2011.

and board meeting minutes from 1995 to 2018 and interviewed agency officials and former public trustees. We then evaluated the process agency officials used to maintain a baseline schedule and update the report development schedule using GAO's guide on best practices for schedule management.⁴

We conducted this performance audit from September 2018 to July 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The boards that oversee the Social Security and Medicare trust funds are technically separate entities under the Social Security Act, but the same set of trustees have served as board members for each trust fund and the boards meet concurrently. For each board, four of the trustees are ex officio, i.e. members by virtue of their office and position: the Secretary of the Treasury, Secretary of Labor, Secretary of Health and Human Services, and the Commissioner of Social Security. The remaining two trustees are members of the public, nominated by the President, confirmed by the Senate, and the public trustees must not be from the same political party as one another. The public trustee positions were established in 1983;⁵ they have been vacant since 2015.

The boards issue two separate Trustees reports each year, one on the Social Security trust funds and one on the Medicare trust funds. Under the Social Security Act, these reports are due by April 1 of each year. The Trustees reports provide information on the present and projected statuses of the trust funds, including their projected balances over the next 10 years (short-term), the next 75 years (long-term), and the assumptions and methods used to make these projections. The reports provide estimates of the projected costs and incomes of the trust funds,

⁴ GAO, *Schedule Assessment Guide: Best Practices for Project Schedules*, [GAO-16-89G](#) (Washington, D.C.: December 2015).

⁵ Pub. L. No. 98-21, § 341, 97 Stat. 65, 135.

and any dates that the boards project the trust funds' reserves to become depleted, among other information about the programs.⁶ Because projections are inherently uncertain, the reports include three projection scenarios: intermediate, low-cost, and high-cost alternatives, along with other information about uncertainty. The intermediate scenario is based on assumptions that reflect the boards' best estimate of future experience. The low-cost scenario makes assumptions that are relatively more favorable with respect to the projected statuses of the trust funds, while the high-cost scenario does the opposite. For example, the low-cost scenario assumes more workers will pay into the trust funds and fewer beneficiaries will receive benefits, while the high-cost scenario assumes fewer workers and more beneficiaries.

Agency Officials and Trustees Follow a Collaborative Process Each Year to Develop the Trustees Reports

Agency Officials and Trustees Determine the Economic, Demographic, and Programmatic Assumptions Prior to Drafting the Trustees Reports

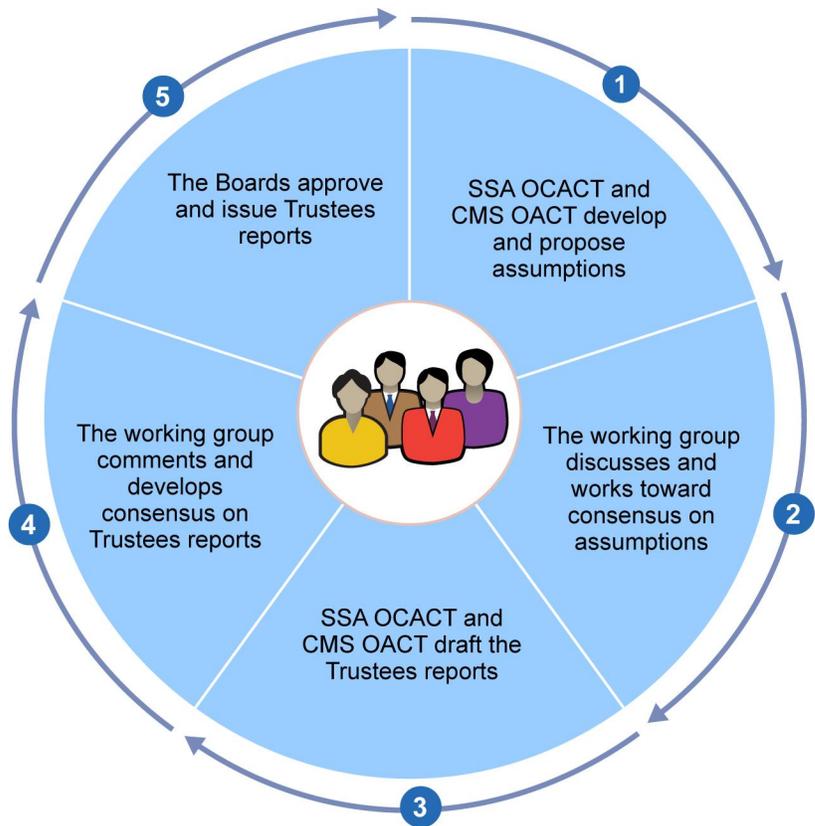
Officials in the Social Security Administration Office of the Chief Actuary (SSA OCACT) and the Centers for Medicare & Medicaid Services Office of the Actuary (CMS OACT) work with other agency officials and trustees to develop assumptions and draft and revise the Trustees reports in an annual cycle, according to agency officials and the board meeting minutes and report development schedules we reviewed (see fig. 1). At the end of each cycle, the boards have established a working group that is largely responsible for overseeing the day-to-day development of the next year's report.⁷ This working group consists of officials in the four agencies that are led by the ex officio trustees (Treasury, DOL, HHS, and SSA), officials from SSA OCACT and CMS OACT, and the public trustees, when confirmed. All of the working group's discussions and agreements are subject to the approval of the boards. The Secretary of

⁶ Trust fund reserves decline when a trust fund's costs exceed its income.

⁷ The boards first established a working group in 2002 and have re-established it each year since.

the Treasury serves as the Managing Trustee and Chairperson of the boards.⁸ Treasury staff has historically coordinated the report development process, including organizing the development schedule and hosting the working group and boards' meetings. The reports are drafted by SSA and CMS.

Figure 1: Annual Cycle for Developing the Trustees Reports



SSA OACT = Social Security Administration Office of the Chief Actuary
CMS OACT = Centers for Medicare & Medicaid Services Office of the Actuary

Source: GAO analysis of documents from SSA, CMS, and the Department of the Treasury, and interview with agency officials. | GAO-19-596

⁸ There are two sets of bylaws that establish the rules, members, and duties of the boards: the By-laws of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, and the By-laws of the Boards of Trustees of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund.

Data Table for Figure 1: Annual Cycle for Developing the Trustees Reports

1.	SSA OCACT and CMS OACT develop and propose assumptions
2.	The working group discusses and works toward consensus on assumptions
3.	SSA OCACT and CMS OACT draft the Trustees reports
4.	The working group comments and develops consensus on Trustees reports
5.	The Boards approve and issue Trustees reports

SSA OCACT = Social Security Administration Office of the Chief Actuary

CMS OACT = Centers for Medicare & Medicaid Services Office of the Actuary

Note: The working group consists of officials in the four agencies that are led by trustees (the Departments of the Treasury; Labor; Health and Human Services; and the Social Security Administration), officials from SSA OCACT and CMS OACT, and the public trustees, when confirmed. The working group holds meetings and discussions between cycles.

SSA OCACT and CMS OACT Develop and Propose Assumptions

SSA OCACT and CMS OACT officials we interviewed said they work to update the assumptions—both long-term and short-term—they propose as the basis for the trust fund projections in the reports. Assumptions are the demographic, economic, and program-specific factors that the actuaries use to model the future financial status of the trust funds (see appendix I). For each assumption, SSA OCACT and CMS OACT go through a process of updating the values for the 75-year projection period as needed and use those updated values as inputs in their models to project future costs and income for the trust funds. As a part of this process, the working group discusses issues that inform the assumptions proposed by SSA OCACT and CMS OACT.

The work on assumptions is divided according to the specializations and expertise of the two actuarial offices, and is developed by staff from a range of disciplines, including actuaries, demographers, and economists. SSA OCACT develops the demographic and economic assumptions that are common to both reports, including rates for fertility, mortality, and growth in gross domestic product. SSA OCACT also prepares the programmatic assumptions for Social Security, such as the numbers of retirement and disability beneficiaries and the anticipated income into the trust funds from payroll taxes. CMS OACT prepares the programmatic assumptions that are specific to Medicare, such as the number of Medicare beneficiaries and expected growth in health care costs.

SSA OCACT and CMS OACT officials update assumptions and revise their methodologies based on recent data, if a change is warranted. For example, the 2017 Social Security Trustees report projected an increase in the total fertility rate. Information collected in the subsequent year showed that fertility rates had not risen as expected, so officials reduced the fertility rate assumptions for the 2018 report.⁹ SSA OCACT officials told us that they look at both the reasonableness of the assumptions individually and in the aggregate, as some assumptions interrelate. According to agency officials we interviewed, the assumptions generally undergo gradual or no changes from year to year, unless there are significant policy changes. SSA OCACT and CMS OACT also update their models by incorporating more recent data into them. For example, in the 2017 Social Security Trustees report, the model for projecting average age benefit levels of retired worker and disabled worker beneficiaries who are newly entitled to benefits used a sample of these beneficiaries from 2013. In the 2018 report, this model was updated to use a sample from 2015.

The Working Group Discusses and Works Toward Consensus on Assumptions

The working group considers and works towards consensus on the assumptions proposed by SSA OCACT and CMS OACT. Members of the working group meet periodically to discuss the assumptions and come to an agreement on the values for them. In these meetings, the working group often hears presentations from internal or external experts on specific topics. For example, in one meeting, SSA staff led a presentation and discussion on Disability Insurance, and DOL staff led a presentation and discussion on how globalization might affect long-term economic trends. To inform their discussions, the working group may also review reports from technical panels or invite panel members to discuss their findings and recommendations at a working group meeting.¹⁰ For example, in September 2012, the working group discussed a Medicare technical panel recommendation that the board continue to present

⁹ The Social Security Trustees reports refer to this assumption as the "assumed near-term total fertility rate."

¹⁰ These technical panels review the Trustees' reports, provide technical expertise, and issue reports. For issues related to the Social Security Trustees report, technical panels are convened about once every 4 years by the SSAB, an independent federal agency. For issues related to the Medicare Trustees report, the technical panel is convened periodically by HHS.

alternative projections in which average Medicare spending per beneficiary rises faster than the current law baseline; the working group and board agreed to implement this recommendation. Throughout the working group's activities, the members representing the ex officio trustees generally serve as a liaison between the trustee for their agency and the working group. When confirmed, public trustees participate directly on the working group.

After consideration, the working group finalizes long-term assumptions at a fall board meeting. The long-term assumptions serve as the basis for the short-term assumptions and the 75-year trust fund projections. For each long-term assumption, the boards set the "ultimate value", i.e. the constant rate or number that is projected to be met in a particular year (within 10 years in most cases) and then continued through the remainder of the 75-year projection period. For example, for the 2019 Trustees reports, the boards set the ultimate value for the annual change in covered earnings as a percent of total labor compensation for each year beginning in 2028 and continuing through 2093. In most cases, according to agency officials we interviewed, the working group achieves consensus on the assumptions before the fall board meeting. However, when the working group is unable to reach consensus, the boards settle any outstanding issues and tend to either make no changes or incremental changes over time to avoid major swings in year-to-year projections, according to some agency officials we interviewed.

Once the long-term ultimate values are set by the boards, the working group then discusses the short-term assumptions that bridge the gap between current data and the ultimate values. The working group first considers and works toward agreement on the short-term economic assumptions and then the health assumptions. Short-term economic assumptions can vary during the early years of the projection period. The projection of Medicare's HI Trust Fund depletion date is based on detailed short-term growth rate assumptions for individual types of Medicare services, such as inpatient hospital care.

SSA OACT and CMS OACT Draft the Trustees Reports

Once the assumptions are set, officials at SSA OACT develop the projections that determine the actuarial status and then draft the Social Security Trustees report, and officials at CMS OACT do the same for the Medicare Trustees report. The reports include information on and values of the assumptions, projected financial statuses of the trust funds and programs, actuarial analyses and estimates, and technical information on

the methodologies and projections. In addition, the reports note changes to the assumptions, methodology, and projections from prior reports, and explain the implications for the trust funds. The reports also include statements of opinion by the relevant agency's Chief Actuary regarding whether the techniques and methodologies used are generally accepted within the actuarial profession and whether the assumptions used and the resulting actuarial estimates are reasonable.¹¹

The Working Group Comments and Develops Consensus on Reports

When the drafts are completed, SSA OACT and CMS OACT circulate them to the working group for comments and agreement. According to one former public trustee, these comments are mostly related to the presentation of the information, such as word choices, as members have previously agreed to the assumptions. SSA OACT or CMS OACT officials respond to these comments, and make revisions to the reports in several rounds, engaging with the working group for comment on each new version of the reports. As with the earlier round when the working group worked toward consensus on the assumptions, the working group members that represent the ex officio trustees can brief the trustee from their agency and bring any input back to the working group to help ensure that the trustees agree with the reports.

The Boards Approve and Issue Trustees Reports

The final drafts of the Trustees reports are presented and approved at the annual spring meeting of the boards.¹² Under the boards' bylaws, members of the boards must be present at these meetings to approve the reports. During the meeting, agency officials provide an overview of the reports to the trustees and other attendees, and explain changes in the overall projections from the previous year's reports. For those trust funds with an estimated depletion date, agency officials explain the estimated dates of depletion and the potential implications for beneficiaries. After

¹¹ For the Social Security Trustees report, the Chief Actuary of the Social Security Administration provides the opinion. For the Medicare Trustees report, the Chief Actuary of the Centers for Medicare & Medicaid Services provides the opinion.

¹² We refer to this meeting as the spring board meeting even in instances when the meeting is held in the summer due to delays in issuing the reports.

any discussion, the trustees sign the reports and the boards formally issue them to Congress.

Public Trustees Can Play Unique Roles in Developing and Presenting the Trustees Reports

Public trustees, when confirmed, play unique roles as members of the boards and also the working group that develops the Trustees reports. Former public trustees we interviewed said their role was to represent the public in the report development process, independent of the ex officio trustees and other agency officials in the administration. To become members of the board, public trustees must be nominated by the President and confirmed by the Senate, and the public trustee cannot both be from the same political party. Those we interviewed stressed the importance of not allowing personal and political opinions to influence their work on the Trustees reports. As a result, according to both agency officials and former public trustees, having public trustees in place lends credibility to the reports. Former public trustees stated that they worked closely with their counterpart public trustee to coordinate their comments and input to the working group.

Historically, public trustees sometimes questioned or encouraged changes to some assumptions used in the reports, according to former public trustees and some agency officials. When in place, public trustees regularly attend working group meetings, whereas ex officio trustees do not. According to the former public trustees we interviewed, they saw part of their role as facilitating conversations as leaders and moving the group towards consensus on assumptions. Additionally, former public trustees and some agency officials said trustees are more hesitant to change the assumptions in the reports when there are no public trustees in place, out of concern that any change could be viewed as politically motivated. For example, in 2017 the boards discussed whether or not to change the long-range real interest rate assumption from the rate used in the previous year's Trustees reports. The boards decided to keep the assumptions unchanged, in part because there were no public trustees in place.¹³

¹³ According to one former public trustee and the Treasury and SSA officials we spoke to, keeping the assumptions unchanged in the absence of public trustees to avoid potential controversy was a good practice, but that after several years the assumptions would have to change or risk being out of date.

When they are in place, public trustees can also help communicate the message of the Trustees reports to policy makers and the public. As an example, the Trustees reports can be technical and difficult to understand; to address this, the public trustees introduced a summary of the reports in 1991, which presented the reports' findings in a way that is more accessible to the general public. Former public trustees said they were able to inform policy makers on the contents of the reports through congressional testimony and direct conversations with congressional staff. One former public trustee reported that he was a resource for the media, spending hours on the phone providing his perspective and explaining the reports' implications for policy decisions. In addition, public trustees published a separate message that allowed them to present what they believe to be the main idea of the reports.¹⁴

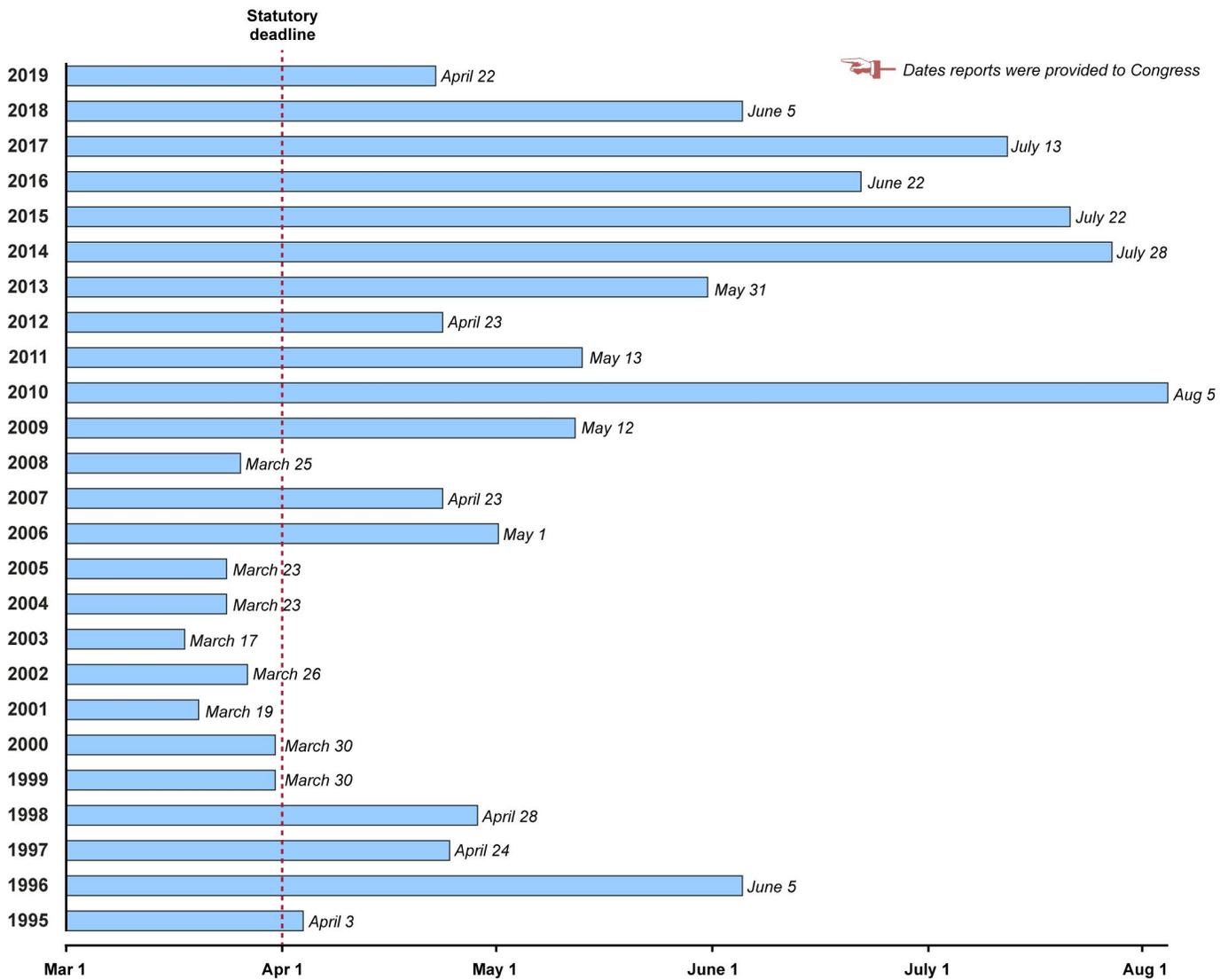
The Boards Have Frequently Missed the Statutory Deadline and Have Not Effectively Managed the Report-Development Schedule

Trustees Reports Have Been Issued Late in Part to Allow More Time for Updating Reports and Due to Scheduling Issues

The boards issued the Trustees reports to Congress after the April 1 statutory deadline in 17 of the 25 years from 1995 to 2019, including every year from 2009 through 2019 (see fig. 2). Since 2009, the boards have issued the reports at least 2 months late six times; they only issued the reports this late one time in the 14 years from 1995 to 2008.

¹⁴ The public trustees' message, in years when there are confirmed public trustees, is published on the SSA OCACT website along with the trustees' message and summary report. See <https://www.ssa.gov/oact/TRSUM/>.

Figure 2: Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)



Source: GAO analysis of Social Security and Medicare Trustees reports. | GAO-19-596

Data Table for Figure 2: Timeliness of Required Reports on the Social Security and Medicare Trust Funds (1995-2019)

Year	Statutory deadline	Dates reports were provided to Congress
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2003	April 1	March 17
2002	April 1	March 26
2001	April 1	March 19
2000	April 1	March 30
1999	April 1	March 30
1998	April 1	April 28
1997	April 1	April 24
1996	April 1	June 5
1995	April 1	April 3

Note: For each year, the Social Security and Medicare Trustees reports were issued on the same day. Department of the Treasury officials confirmed the sources of the dates.

Agency officials and former public trustees provided a number of reasons why the Trustees reports have been late in recent years. Agency officials and former public trustees said they may delay reports in order to include the impact of late-breaking legislation or policy changes on the assumptions or data. SSA OCACT told us that this decision is based on (1) if the policy change results in substantial changes to assumptions and (2) if the policy change affects a policy that is directly governing a trust fund. For example, agency officials and former public trustees stated that the Patient Protection and Affordable Care Act (PPACA), enacted on March 23, 2010, significantly contributed to the 2010 reports being issued August 5, 2010, over 4 months past the deadline. PPACA significantly affected many of the factors that were the basis for the Medicare Trustees report projections, such as reducing projected Medicare expenditures through various policy changes, including a change to the payment formula for the Medicare Advantage program—the private health plan

alternative to traditional Medicare. According to one former public trustee, if the boards had issued a report that did not reflect the changes made by PPACA, it would not have been applicable to the current outlook of the Medicare trust funds and therefore not as useful to Congress and the public.

Agency officials have also reported that there have been instances of waiting for more complete or recent data sets to become available before calculating the actuaries' projections. According to CMS officials, a tradeoff exists between updating data and meeting the deadline. For example, Treasury officials told us that because the working group decided that CMS OACT should not wait for January 2019 Medicare Advantage enrollment data, the 2019 Trustees reports were issued earlier (April 22) than they would have been if they had waited for the complete end of year data, as they had in previous years.

Agency officials and public trustees also cited difficulties in scheduling the spring board meetings as a factor that contributed to delays in issuing the Trustees reports. The boards' bylaws require the annual reports to be adopted by a majority of the trustees who are present and voting. However, sometimes Treasury staff experienced difficulty scheduling the meeting. According to Treasury officials responsible for scheduling the meeting, they generally wait until the first drafts of the Trustees reports are completed before they schedule the spring board meeting to avoid having to reschedule the meeting if the draft reports are provided after the working group's internal deadline. For the last 15 years (2005-2019), report development schedules from SSA OACT indicated that the draft reports were provided to the working group after the internal deadline 12 times. In the other 3 years, the report development schedules did not show the actual date that the draft reports were provided. As a result of scheduling the meeting later in the process, Treasury staff has sometimes not been able to schedule a meeting that all of the Trustees can attend prior to the statutory deadline of April 1.

Other challenges that contribute to delays include government shutdowns and staff having conflicting concurrent responsibilities, according to some agency officials or former public trustees. When the government shut down for 11 business days in October 2013, the board meeting minutes show that it affected the timelines for the 2014 Trustees reports. However, according to HHS, government shutdowns have never materially delayed the release dates for the Trustees reports. Some former public trustees and one agency official we spoke to stated that agency officials involved in the report process sometimes had other

duties competing for their time, which could result in delaying their work on the Trustees reports, while other agency officials stated this was not a factor.

The Process for Managing the Schedule for Developing the Trustees Reports Does Not Reflect Best Practices

Agency officials' scheduling process is inconsistent with GAO's guide on best practices for schedule management.¹⁵ Agency officials and former public trustees said they attempted to meet the statutory deadline each year, but did not believe issuing the report after the deadline created serious negative consequences. As a result, agency officials and former public trustees involved with developing the reports in recent years said they developed a schedule designed to meet the deadline knowing it would most likely not be met. Several agency officials and former public trustees described the schedule as "ambitious" and difficult to achieve. If the schedule is unrealistic from the start of the process, and if involved parties view it as an unlikely goal, rather than the expected outcome, then the schedule does not serve as a useful tool for managing the timely development of the Trustees reports.

In addition to designing an unrealistic Trustees reports schedule, agency officials did not always document actual progress in meeting scheduled dates or modify the schedule in a way that would allow them to overcome early setbacks. Treasury officials, who organize the schedule for developing the Trustees reports, stated that the initial proposed schedule is updated only once during the report process, after the first drafts of the reports are completed. According to best practices, the schedule should be updated regularly with actual progress and remaining work. Without doing so, it could be difficult to respond to actual events while still meeting set deadlines.¹⁶

Treasury has not regularly archived the final version of the schedule with the dates that milestones were actually met. According to best practices, the final iteration of the schedule that was actually followed should be archived and used to inform and improve future schedules.¹⁷ Treasury

¹⁵ GAO, *Schedule Assessment Guide: Best Practices for Project Schedules*, [GAO-16-89G](#) (Washington, D.C.: December 2015).

¹⁶ [GAO-16-89G](#).

¹⁷ [GAO-16-89G](#).

officials were able to provide us with the archived, updated schedules for only 6 of the last 25 years, and these schedules were incomplete. While these updated schedules showed the actual dates that the draft reports were provided and the planned dates for later milestones, they did not include the dates for milestones before the draft reports were provided or the actual dates for the later milestones, including the reports' issuance dates.

Further, although the boards have regularly missed the statutory deadline, the initial report-development schedules have not significantly changed in recent years. Based on the proposed schedules for the Trustees reports that are presented in the spring board meeting minutes we reviewed, the initial schedules for each milestone in the report development process, such as obtaining agreement on assumptions or circulating drafts, has not significantly changed in the last 6 years, although the schedules have consistently proven difficult to meet (see table 1). Without recording the actual report production schedule that was followed, participating officials do not have the historical data that would assist them in making meaningful and effective changes to future schedules.

Table 1: Initial Trustees Report Development Schedules Did Not Significantly Change From 2014-2019

Planned milestones for each annual report cycle	2014	2015	2016	2017	2018	2019
Social Security Administration Office of the Chief Actuary (SSA OCACT) circulates proposed long-term assumptions	10/18/13	10/17/14	10/16/15	10/14/16	10/13/17	10/15/18
Working group agrees on long-term assumptions	10/28/13	10/27/14	10/26/15	10/24/16	10/23/17	10/25/18
SSA OCACT circulates proposed short-term assumptions	12/9/13	12/7/14	12/7/15	12/5/16	12/4/17	12/10/18
Working group agrees on short-term SSA OCACT assumptions	12/16/13	12/15/14	12/14/15	12/12/16	12/11/17	12/17/18
The Center for Medicare & Medicaid Services Office of the Actuary (CMS OACT) circulates proposed short-term health assumptions	2/6/14	2/5/15	2/4/16	2/2/16	2/1/17	1/31/18
Working group agrees on CMS OACT health assumptions	2/13/14	2/12/15	2/11/16	2/9/17	2/8/18	2/7/19
Social Security Trustees report draft circulated for comments - planned	2/13/14	2/12/15	2/11/16	2/9/17	2/8/18	2/7/19

Planned milestones for each annual report cycle	2014	2015	2016	2017	2018	2019
Social Security Trustees report draft circulated for comments - actual	5/8/14	5/1/15	3/3/16	Not available	3/29/18	2/14/19
Medicare Trustees report draft circulated for comments - planned	2/21/14	2/20/15	2/19/16	2/17/17	2/16/18	2/15/19
Medicare Trustees report draft circulated for comments – actual	5/7/14	5/21/15	3/11/16	Not available	4/6/18	2/26/19
Trustees reports issued—planned	4/1/14	3/31/15	3/29/16	3/28/17	3/27/18	3/26/19
Trustees reports issued—actual	7/28/14	7/22/15	6/22/16	7/13/17	6/5/18	4/22/19

Source: GAO analysis of Treasury and SSA OCACT report-development schedules. | GAO-19-596

Finally, according to best practices, it is important that stakeholders, including decision makers, have access to information on the progress of the project.¹⁸ Agency officials and former public trustees stated that they do not have a policy or practice of informing Congress of delays or changes to the schedules for the Trustees reports, even in years when the board issues the reports months after the deadline. Given this, Congress, the recipient of the Trustees reports, remains uninformed of the reports’ release date or the factors contributing to a delay in any given year. This uncertainty may hinder Congress from planning legislative sessions in advance that would use the findings of the Trustees reports. For example, congressional committees of jurisdiction may be hindered in scheduling hearings on or around the time of the reports’ release date and having access to the latest data from the reports to inform their oversight.

Conclusions

Trustees and agency officials set out at the start of each report cycle with a schedule to meet the statutory deadline to issue the Social Security and Medicare reports each year by April 1. However, over the past 25 years, they have mostly issued the reports after the deadline. Some of the factors contributing to the boards delivering the reports late may seem reasonable to agency officials and trustees. For example, investing time to make the report consistent with new legislation impacting Social Security or Medicare programs, or waiting for end of year data to be available, may make the report more useful than if it contained older information. However, other factors related to the management of the

¹⁸ [GAO-16-89G](#).

schedule for developing the reports, such as not formally tracking the reports' progress or adjusting the schedule based on lessons learned in prior years, may have contributed to delays.

Taking steps to improve the management of the report-development schedule would better position the trustees and agency officials to anticipate and plan for scheduling the spring boards meeting and to meet the statutory deadline in future years. Additionally, recognizing that there may continue to be instances in which the issuance of the reports will be delayed, establishing a policy to inform Congress of potential delays and factors contributing to those delays would enhance Congress's ability to conduct oversight and make decisions about these important programs.

Recommendations for Executive Action

We are making the following two recommendations to the Secretary of the Treasury:

The Secretary of the Treasury, as Chairperson of the Boards of Trustees, should work with the other trustees to take steps—in consultation with the chief actuaries of SSA and CMS—to improve the management of the report development schedule in order to provide the Trustees reports to Congress by the statutory deadline. These steps could include regularly updating the schedule using actual progress and archiving the final iteration of the schedules. (Recommendation 1)

The Secretary of the Treasury, as Chairperson of the Boards of Trustees, should work with the other trustees to establish a policy to inform Congressional committees of jurisdiction when the trustees determine that the reports are expected to miss the issuance deadline. This outreach should include 1) the factors that are contributing to delays, and 2) the reports' expected issuance dates. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to the Secretary of the Treasury, the Secretary of Health and Human Services, the Secretary of Labor, and the Commissioner of Social Security for review and comment. Treasury and SSA provided formal written comments, and both agencies agreed with our recommendations. (See appendixes II and III.) Treasury, SSA, and

HHS provided technical comments, which we incorporated as appropriate. DOL had no comments.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of the Treasury, the Secretary of Health and Human Services, the Secretary of Labor, the Commissioner of Social Security, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Elizabeth Curda at (202) 512-7215 or curdae@gao.gov or James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

Sincerely yours,



Elizabeth H. Curda
Director,
Education, Workforce,
and Income Security



James Cosgrove
Director,
Health Care

Appendix I: Assumptions Discussed in the 2019 Social Security and Medicare Trust Fund Reports

Table 2: Assumptions Discussed in the 2019 Social Security and Medicare Trust Fund Reports

2019 Social Security assumption categories	2019 Medicare assumption categories
Demographic	Demographic
<ul style="list-style-type: none"> • Fertility • Mortality • Immigration • Total population • Life expectancy 	<ul style="list-style-type: none"> • Fertility • Mortality • Immigration
Economic	Economic
<ul style="list-style-type: none"> • Productivity • Price inflation • Average earnings • Real-wage differential • Labor force participation and unemployment • Gross domestic product • Interest rates 	<ul style="list-style-type: none"> • Gross domestic product • Average earnings • Private nonfarm business multifactor productivity • Consumer Price Index • Real-wage differential • Interest rates
Program-Specific	Health Cost Growth (Annual Percentage Change in Cost Per Beneficiary)
<ul style="list-style-type: none"> • Automatically adjusted program parameters • Covered employment • Insured population • Old-Age and Survivors Insurance beneficiaries • Disability Insurance beneficiaries • Covered and taxable earnings, taxable payroll, and payroll tax contributions • Income from taxation of benefits • Average benefits • Scheduled benefits • Illustrative scheduled benefit amounts • Administrative expenses • Railroad retirement financial interchange 	<ul style="list-style-type: none"> • Medicare Expenditures • Hospital Insurance (Part A) • Supplementary Medical Insurance (Part B) • Supplementary Medical Insurance (Part D) • Total Medicare

Source: 2019 Social Security and Medicare Trustees Reports. | GAO-19-596

Appendix II: Comments from the Department of the Treasury



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 27, 2019

Elizabeth H. Curda
Director, Education, Workforce, and Income Security
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Curda:

We appreciate the opportunity to review the Government Accountability Office's (GAO) draft report GAO-19-596 (the Draft Report), which examines the development process for the annual Social Security and Medicare trust funds reports to Congress, and in particular the reports' timeliness.

As the Draft Report notes, annual report development is accomplished via a collaborative working group process among all four agencies represented on the Social Security and Medicare Boards of Trustees (Boards). Agency representatives work alongside the public trustees, when confirmed, and the Offices of the Chief Actuaries from the Social Security Administration and the Centers for Medicare and Medicaid Services to assess the status of the trust funds, develop recommendations related to methods and assumptions underlying the trustees' reports, and contribute to the drafting of the reports. Although the Secretary of the Treasury is the Chairperson of the Boards and convenes the working group, each constituency in the working group contributes its own work product. Treasury does not have the authority to impose particular outcomes or to require that decisions be made within specified timeframes.

Nevertheless, Treasury takes seriously the April 1 reporting deadline and agrees that the Boards should strive to meet this goal annually. Accordingly, Treasury agrees to work with the other trustees to take steps to improve the management of the report development schedule. In addition, Treasury will explore the potential for a policy to inform Congressional committees of jurisdiction when the trustees determine that the reports are expected to miss the April 1 deadline.

We value GAO's review of the report development process and appreciate your feedback. Thank you once again for the opportunity to review and comment on the Draft Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Faulkender".

Michael Faulkender
Principal Deputy Assistant Secretary for Economic Policy

Cc: James Cosgrove, Director, Health Care

Text of Appendix II: Comments from the Department of the Treasury

June 27, 2019

Elizabeth H. Curda

Director, Education, Workforce, and Income Security

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Ms. Curda:

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We value GAO's review of the report development process and appreciate your feedback. Thank you once again for the opportunity to review and comment on the Draft Report.

Sincerely,

Michael Faulkender

Principal Deputy Assistant Secretary for Economic Policy Cc: James Cosgrove,
Director, Health Care

Appendix III: Comments from the Social Security Administration



SOCIAL SECURITY
Office of the Commissioner

June 27, 2019

Ms. Barbara D. Bovbjerg
Managing Director, Education, Workforce and Income Security
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Bovbjerg:

Thank you for the opportunity to review the draft report, "SOCIAL SECURITY AND MEDICARE: Improved Schedule Management Needed for More Timely Trust Fund Reports" (GAO-19-596). We believe the recommendations to the managing trustee are reasonable and advisable. We look forward to continuing our collaborative relationship with the Social Security Board of Trustees and the Trustees Working Group in order to provide these critical annual reports to Congress and to the American public. We submitted technical comments at the staff level for your consideration.

If you have any questions, please contact me at (410) 965-9704. Your staff may contact Trae Sommer, Acting Director of the Audit Liaison Staff, at (410) 965-9102.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Hall".

Stephanie Hall
Acting Deputy Chief of Staff

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

Text of Appendix III: Comments from the Social Security Administration

June 27, 2019

Ms. Barbara D. Bovbjerg

Managing Director, Education, Workforce and Income Security United States
Government Accountability Office

441 G Street, NW Washington, DC 20548

Dear Ms. Bovbjerg:

Thank you for the opportunity to review the draft report, "SOCIAL SECURITY AND MEDICARE: Improved Schedule Management Needed for More Timely Trust Fund Reports" (GAO-19-596). We believe the recommendations to the managing trustee are reasonable and advisable. We look forward to continuing our collaborative relationship with the Social Security Board of Trustees and the Trustees Working Group in order to provide these critical annual reports to Congress and to the American public. We submitted technical comments at the staff level for your consideration.

If you have any questions, please contact me at (410) 965-9704. Your staff may contact Trae Sommer, Acting Director of the Audit Liaison Staff, at (410) 965-9102.

Sincerely,

Stephanie Hall

Acting Deputy Chief of Staff

Appendix IV: GAO Contacts and Staff Acknowledgments

GAO Contacts

Elizabeth Curda at (202) 512-7215 or curdae@gao.gov

James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov

Staff Acknowledgments:

In addition to the contact named above, Mark Glickman (Assistant Director), Gregory Giusto (Assistant Director), Paul Schearf (Analyst-in-Charge), Christie Enders, and Samuel Gaffigan made key contributions to this report. Additional assistance was provided by Bill Boutboul, Juana Collymore, Robert Dacey, Alex Galuten, Yvette Gutierrez, Janice Latimer, Emei Li, Sheila R. McCoy, Art Merriam, Mimi Nguyen, Stacy Ouellette, Oliver Richard, Joseph Silvestri, Dawn Simpson, Ardith Spence, Almeta Spencer, Frank Todisco, and Walter Vance.

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