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Now, I know there are a thousand good uses for this surplus. If I gave each of you a piece of paper and I said name 10 things that you would like to see your country do, we might have 100 different things on that list, and they'd all be good. But I say we should take care of first things first, and we don't have any more important obligation—not only to seniors but to their children and their grandchildren—than to preserve the integrity of Social Security and Medicare and preserve the long-term economic health of this country. So I hope that all of you will support that.

We can talk more about Social Security later, but if my proposal is accepted, we'll have Social Security solid for way more than 50 years already, and with a few other changes, we could take it out to 75 years; we could do something to deal with the fact that elderly women on Social Security are far more likely to be poor, and they need some extra help; and we could lift the earning limitation for people on Social Security. I would like to see those things done.

But let's talk about Medicare. We should secure and strengthen and modernize Medicare. It's been around for 34 years now. It's made health care more accessible and more affordable. As you heard Hanna say, it's given millions of American families peace of mind by paying for medical costs that otherwise would have bankrupted families in their later years. It has also freed the children of Medicare's recipients from the painful choice of mortgaging their children's future to provide a decent health care for their parents. But you've got people living longer and the baby boomers set to retire; therefore, more people drawing Medicare and fewer people paying in. What that means is that the Trust Fund will become insolvent by the year 2015, 15 years from now. Now, we've already done a lot to try to stave that off. When I became President in 1993, the Trust Fund was supposed to become insolvent in 1999—this year. We've made a lot of changes. Some of them were difficult and somewhat unpopular, but we have saved Medicare until 2015.

But that's not enough. Keep in mind, the baby boom generation won't begin to turn 65 until 2011. Then, over the next 30 years, the number of people who are 65 or over will actually double. So we need to lengthen the life of the Medicare Trust Fund, and we need to do it now. The sooner you deal with these issues, the easier it is to deal with them. The longer we take to deal with them, the more painful and the more expensive it will be to deal with it.

The plan I announced yesterday to secure and modernize Medicare for the 21st century does the following things. First of all, it extends the solvency of the present Medicare program to the year 2027. That is very important. Changes made today can keep it alive until 2027. That will almost completely take in the baby boom generation. Not quite, but nearly. And that gives all of our successors plenty of time to take advantage of all the increases in health care options that I'm convinced will allow people to stay healthier even longer in the years ahead.

To do it, I propose that we use 15 percent of the budget surplus over the next 15 years. Again I say, there are a lot of good uses for the surplus. A lot of people would like to have more money right now. But there is nothing more important than taking care of first things first. Keeping the economy strong by paying the debt off and saving Medicare and Social Security, I think are the most important things we can do, and we should do them first.

Now, we also plan to modernize the way the program works, to introduce more innovations now used in private sector health plans, to offer seniors the chance to choose between lower cost managed care plans for Medicare and the traditional program without forcing the choice by having unreasonable increases in the premiums in the traditional program, to guarantee that our seniors have the information necessary to make informed choices, and that all the available plans have certain core medical benefits necessary to preserve the integrity of the program, to make sure that as we hold costs down, we keep quality up.

But we also, as everybody before me has said, need to modernize Medicare. One of the ways, but not the only way, is with prescription drugs. Think of it this way: Medicine has changed a lot. The whole health care system has changed a great deal since 1965. But Medicare hasn't changed with it. As a