

Medicare Spending and Trust Fund Solvency

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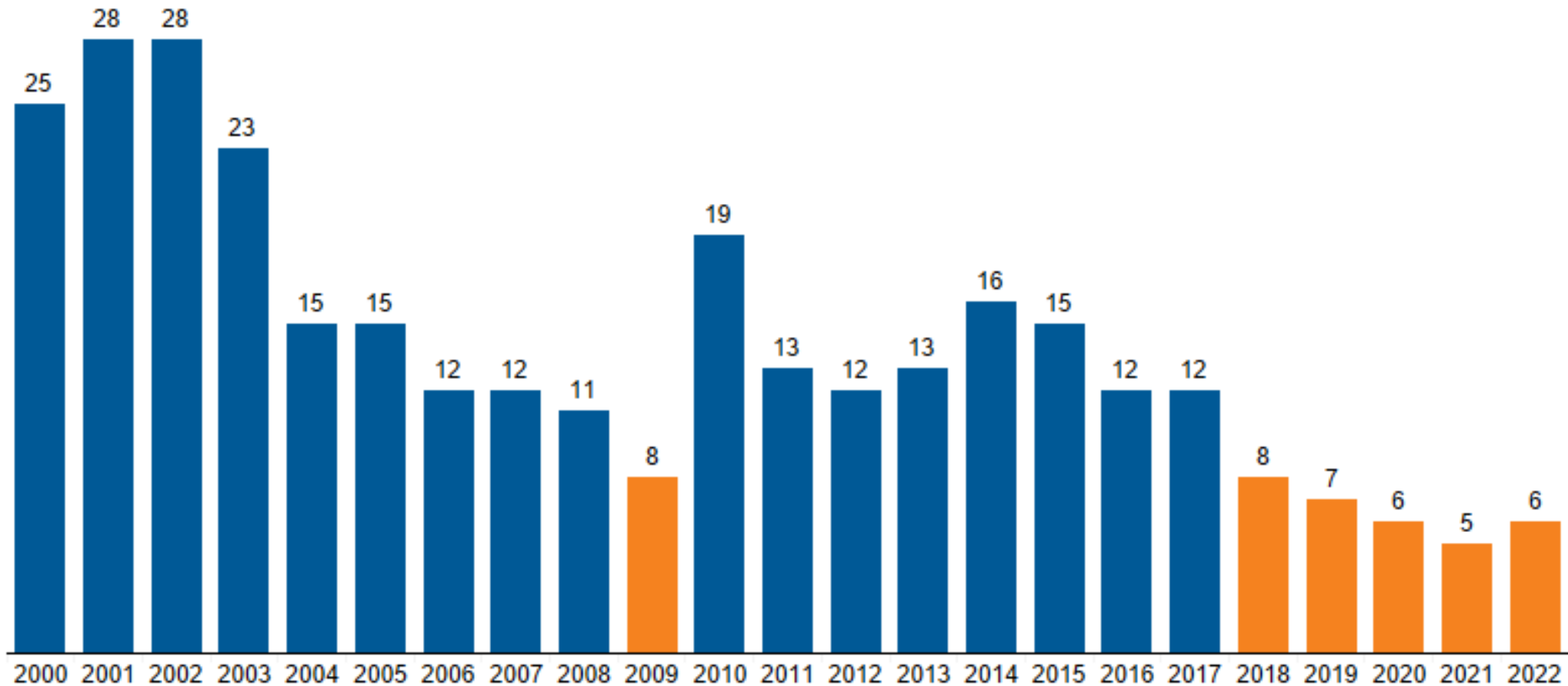
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Medicare's Spending and Financing Challenges

Figure 2

The Last Five Trustees Reports Have Projected that the Medicare Hospital Insurance Trust Fund will be Depleted within 10 Years

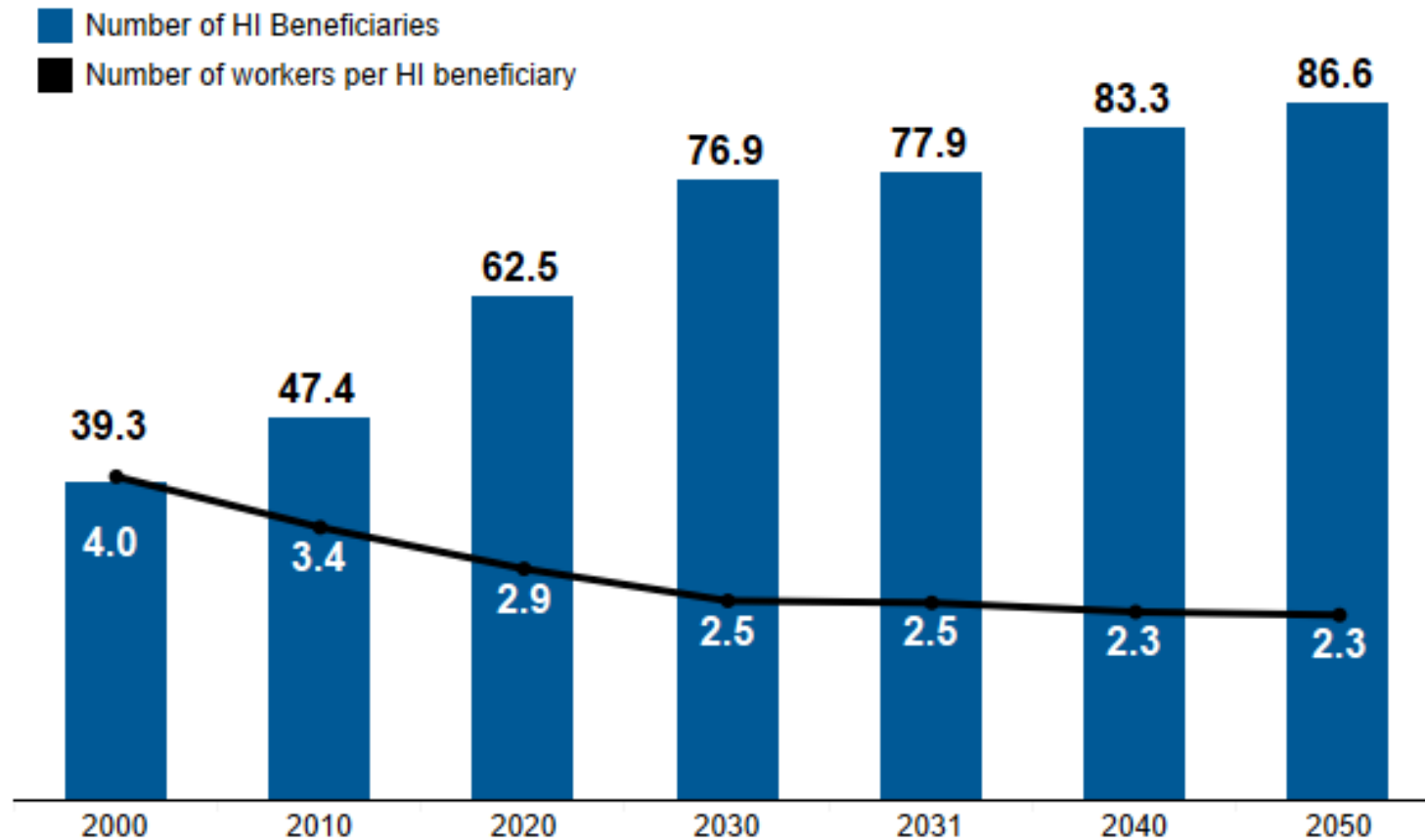


SOURCE: Annual Reports of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.



Figure 3

Fewer Workers Per Medicare Beneficiary Contribute to Financing Challenges

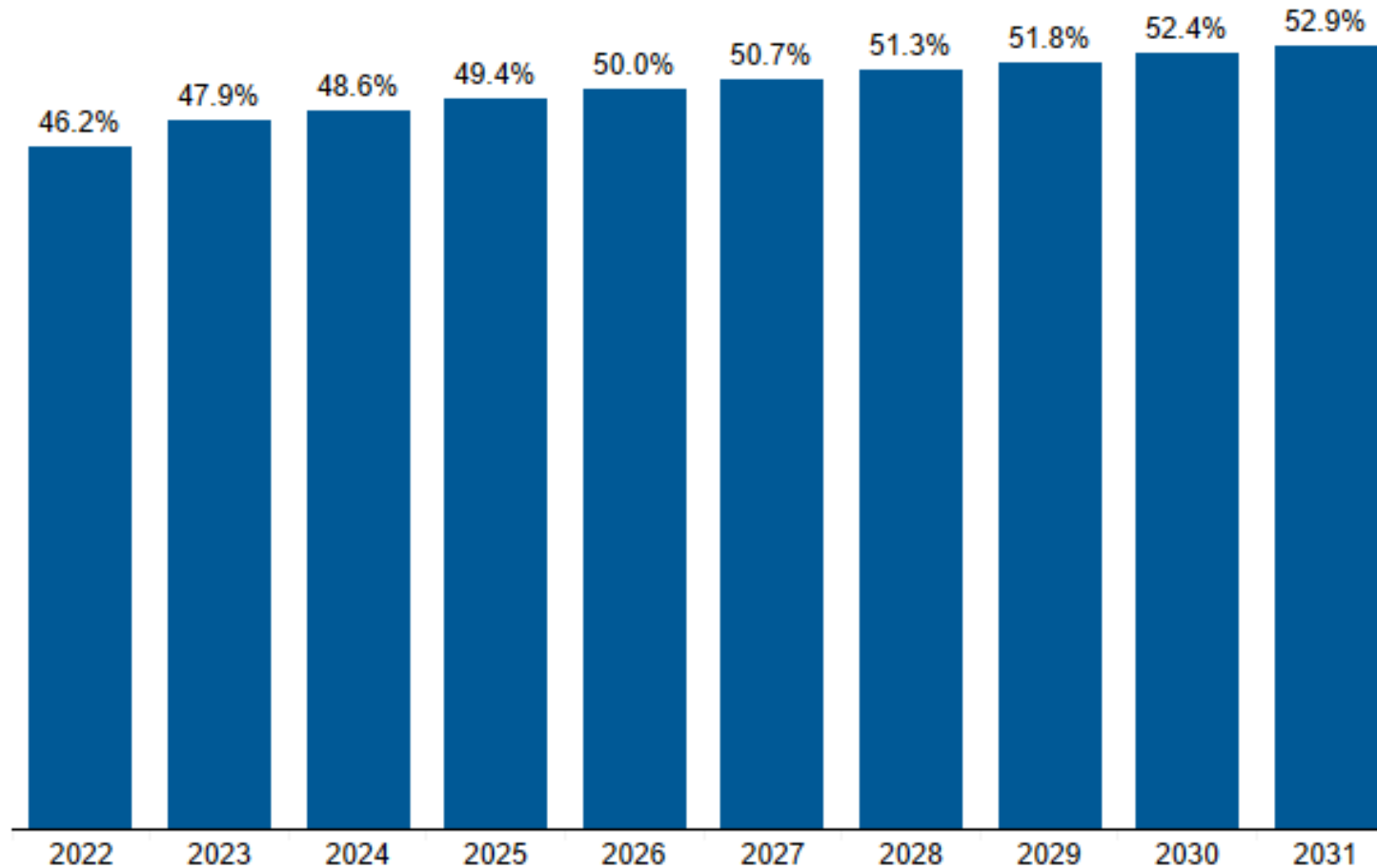


SOURCE: KFF analysis based on the 2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

The Role of Private Plans in Medicare

Figure 5

The Majority of Medicare Beneficiaries Will Soon be Enrolled in Medicare Advantage

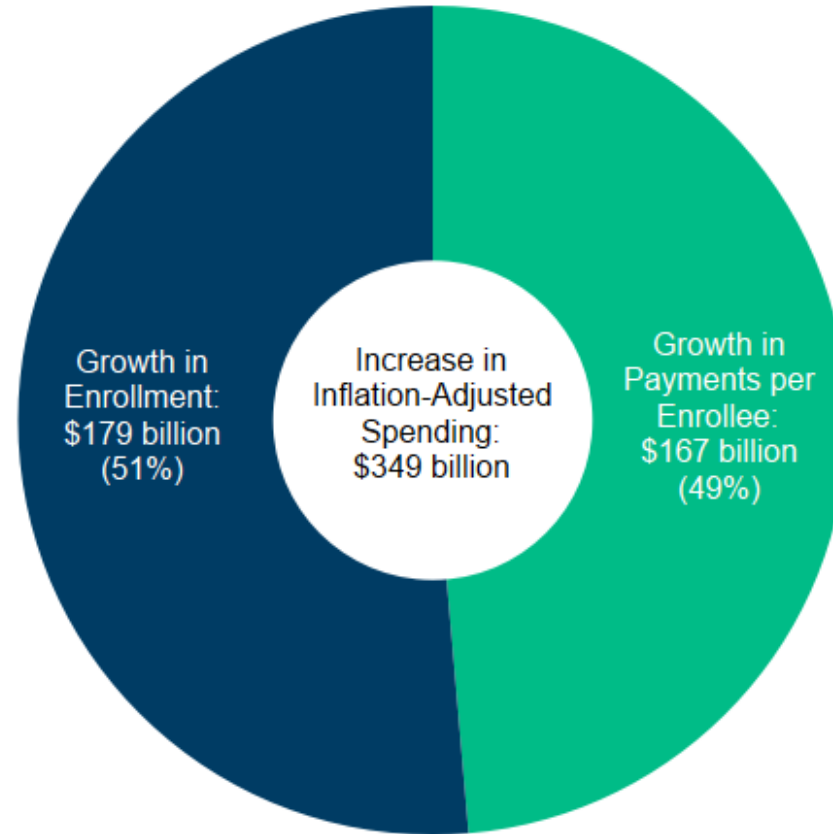


NOTE: These percentages reflect Medicare Advantage enrollment as a share of total Medicare enrollment. As a share of beneficiaries with both Part A and Part B coverage, the share enrolled in Medicare Advantage in 2022 is estimated to be 50.8%

SOURCE: 2022 Annual Report of the Boards of Trustees.

Figure 6

Growth in Medicare Advantage Enrollment Explains About Half of the Projected Increase in Medicare Advantage Spending through 2031



Total Medicare Payments to Medicare Advantage Plans, 2031: \$943 Billion



SOURCE: KFF analysis based on the 2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Figure 7

Spending on Extra Benefits is Projected to Grow Faster Than Spending on Medicare-Covered Services

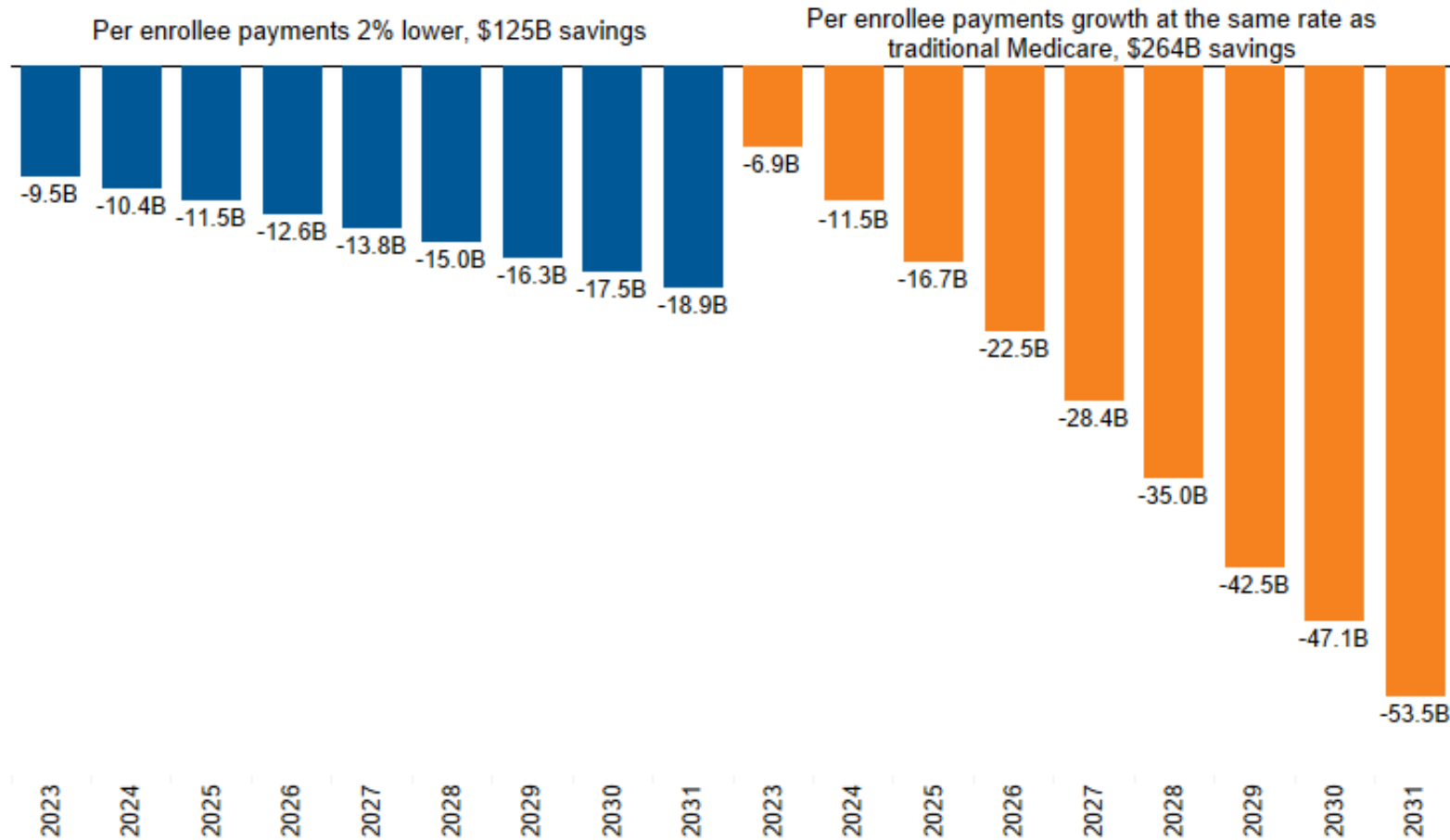
	2022 Spending Per Person	2031 Spending Per Person	2022-2031 Change	Average Annual Growth
Medicare-Covered Services (Bid)	12,442	19,517	7,075	5.1%
Extra Benefits (Rebate)	1,565	3,226	1,661	8.4%
Total	14,006	22,743	8,737	5.5%



It Will Likely Take a Combination of Policies to Address the HI Shortfall

Figure 9

Illustrative Savings if Medicare Advantage Payments Were Lower or Grew Slower Through 2031



SOURCE: KFF analysis based on the 2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Figure 10

The Financial Burden of Health Care Is Higher for People on Medicare in Relatively Poor Health, with Modest Incomes, and at Advanced Ages

Share of spending at least 20% of total income on health expenses, by characteristic:

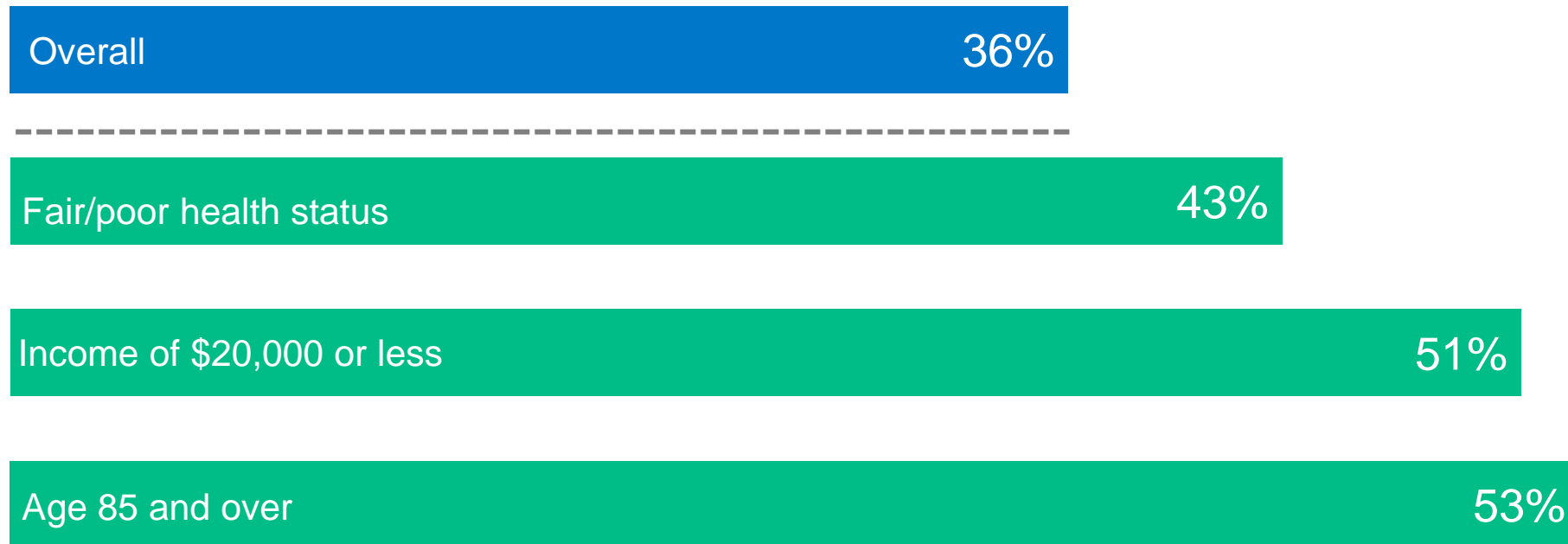


Figure 11

Recent Discussions Have Focused More on Policies to Address Gaps in Current Program, But Would Mean More Spending

Improve	Improve affordability by adding an out-of-pocket cap to traditional Medicare and strengthening protections for low-income beneficiaries
Enhance	Enhance benefits by adding coverage for dental, vision, hearing and/or long-term care
Expand	Expand eligibility by lowering the eligibility age

Additional Resources

- [The Facts About Medicare Spending](#)
- [Higher and Faster Growing Spending Per Medicare Advantage Enrollee Adds to Medicare's Solvency and Affordability Challenges](#)
- Medicare Advantage in 2021 (will be updated for 2022 soon):
 - [Enrollment Update and Key Trends](#)
 - [Premiums, Cost Sharing, Out-of-Pocket Limits and Supplemental Benefits](#)
 - [Star Ratings and Bonuses](#)
- [Help with Medicare Premium and Cost-Sharing Assistance Varies by State](#)



Thank you.