### MEDICARE TOTALS (in billions of dollars)

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</thead>
<tbody>
<tr>
<td>Mandatory Outlays (a)</td>
<td>551</td>
<td>586</td>
<td>597</td>
<td>615</td>
<td>671</td>
<td>695</td>
<td>722</td>
<td>794</td>
<td>849</td>
<td>911</td>
<td>1,018</td>
<td>1,064</td>
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<tr>
<td>Discretionary Outlays</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Gross Outlays</td>
<td>557</td>
<td>592</td>
<td>603</td>
<td>622</td>
<td>678</td>
<td>703</td>
<td>730</td>
<td>803</td>
<td>858</td>
<td>920</td>
<td>1,028</td>
<td>1,075</td>
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<tr>
<td>Total Offsetting Receipts (b)</td>
<td>-85</td>
<td>-90</td>
<td>-92</td>
<td>-94</td>
<td>-100</td>
<td>-108</td>
<td>-117</td>
<td>-125</td>
<td>-133</td>
<td>-143</td>
<td>-156</td>
<td>-170</td>
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<tr>
<td>Net Outlays (Total Outlays - Receipts)</td>
<td>472</td>
<td>502</td>
<td>512</td>
<td>528</td>
<td>579</td>
<td>595</td>
<td>613</td>
<td>677</td>
<td>726</td>
<td>777</td>
<td>872</td>
<td>905</td>
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<tr>
<td>Net Mandatory Outlays (Mandatory Outlays - Receipts)</td>
<td>466</td>
<td>496</td>
<td>505</td>
<td>521</td>
<td>572</td>
<td>587</td>
<td>605</td>
<td>669</td>
<td>717</td>
<td>768</td>
<td>861</td>
<td>894</td>
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</table>

### COMPONENTS OF MANDATORY OUTLAYS (in billions of dollars)

#### Benefits

- **Part A**
  - 261
- **Part B**
  - 232
- **Part D**
  - 55

#### Budget Control Act Sequestration (effect of sequestration on spending for Medicare benefits)

- 0

#### Total Benefits

- 549

#### Mandatory Administration (d)

- 2

#### Total Mandatory Outlays

- 551

### COMPONENTS OF BENEFITS PAYMENTS (in billions of dollars)

#### Hospital Inpatient Care

- 140

#### Skilled Nursing Facilities

- 29

#### Physician Fee Schedule

- 68

#### Hospital Outpatient Services

- 34

#### Group Plans (includes Medicare Advantage)

- 123

#### Home Health Agencies

- 19

#### Part D Benefits (prescription drugs) (e)

- 55

#### Other Services (f)

- 68

### Budget Control Act Sequestration (effect of sequestration on spending for Medicare benefits)

- 0

### Subtotal, Medicare Benefits, Net of Recoveries

- 536

### Amounts Paid to Providers and Recovered (h)

- 13

### Total, Mandatory Medicare Benefit Outlays

- 549

### Memorandum:

- Number of Capitation Payments (i)
  - 11

### Medicare Benefits, net of recoveries, adjusted to remove effect of timing shifts (h, l)

- 551

### ANNUAL GROWTH RATES (in percent)

#### Total Mandatory Outlays

- -1.5

#### Total Offsetting Receipts

- 6.8

#### Net Mandatory Outlays (Mandatory Outlays - Receipts)

- -2.9

#### Benefits adjusted for recoveries and timing shifts (h, l)

- Part A benefits
  - 3.8
- Part B benefits
  - 4.9
- Part D benefits
  - -1.2

#### Total Medicare Benefits

- 3.7

#### Average benefit spending per beneficiary, adjusted for recoveries and timing shifts (h, l)

- Part A benefits
  - 0.2
- Part B benefits
  - 1.3
- Part D benefits
  - -5.3

### PAYMENT UPDATES AND CHANGES IN PRICE INDEXES (in percent)

#### Part A (fiscal year)

- Prospective Payment System (PPS) Market Basket
  - Increase
    - 3.0
- PPS Update Factor
  - 1.9

#### Part B (calendar year)

- Physician Medicare Economic Index (MEI)
  - 0.6
- Consumer Price Index for Urban Consumers (CPI-U)
  - 2.1

#### 10-year moving average of multi-factor productivity (j)

- 1.0
## CBO’s May 2013 Medicare Baseline

### By fiscal year

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
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<tbody>
<tr>
<td>Part A</td>
<td>50</td>
</tr>
<tr>
<td>Part B</td>
<td>47</td>
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<tr>
<td>Part D (k)</td>
<td>37</td>
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<tr>
<td>Memorandum: Part D Low-Income Subsidy</td>
<td>11</td>
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<tr>
<td>Part A Fee-for-Service Enrollment</td>
<td>37</td>
</tr>
<tr>
<td>Group Plan Enrollment (l)</td>
<td>13</td>
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</table>

### STATUS OF HOSPITAL INSURANCE (HI or PART A) TRUST FUND (in billions of dollars)

#### ENROLLMENT (average monthly enrollment during fiscal year, in millions)

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<tbody>
<tr>
<td>Part A</td>
<td>50</td>
<td>52</td>
<td>53</td>
<td>55</td>
<td>57</td>
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<td>Part B</td>
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<td>Part D (k)</td>
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<td>Memorandum: Part D Low-Income Subsidy</td>
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<td>Part A Fee-for-Service Enrollment</td>
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<tr>
<td>Group Plan Enrollment (l)</td>
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<td>15</td>
<td>16</td>
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### OFFSETTING RECEIPTS (in billions of dollars)

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<tr>
<td>Part A Premiums</td>
<td>-3</td>
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<td>-4</td>
<td>-4</td>
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<tr>
<td>Effect of Sequestration on Part B Premiums</td>
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<td>1</td>
<td>1</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
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<tr>
<td>Part D Premiums (o)</td>
<td>-3</td>
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<td>-3</td>
<td>-3</td>
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<td>-4</td>
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<td>Part D Payments by States</td>
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<td>-13</td>
<td>-14</td>
<td>-15</td>
<td>-16</td>
<td>-18</td>
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</tbody>
</table>

Components may not sum to totals because of rounding.

**NOTES:**

(a) Mandatory outlays include the effects of sequestration under the Budget Control Act of 2011 on spending for Medicare benefits.

(b) Offsetting receipts include premiums, amounts paid to providers and later recovered, and phased-down state contribution (clawback) payments from the states to Part D. They also reflect the effect on premium receipts of sequestration of spending for Medicare benefits.

(c) Reflects the effect of sequestration on spending for Medicare benefits subject to a limit of a 2 percent reduction in payment rates under the Budget Control Act, which will apply to payments for services furnished through March 2022.

(d) Mandatory outlays for administration support quality improvement organizations, certain activities against fraud and abuse, and certain administrative activities funded in authorization acts. Mandatory outlays also include payment of Part B premiums for qualifying individuals through December 2013.

(e) Includes payments to prescription drug plans, the retiree drug subsidy, and the low-income subsidy.

(f) Includes ambulance services; ambulatory surgical centers; community mental health centers; durable medical equipment; federally qualified health centers; hospice services; hospital outpatient services that are not paid for using the outpatient prospective payment system; independent physician in-office, and hospital outpatient department laboratory services; outpatient dialysis; outpatient therapy services; Part B prescription drugs; and rural health clinic services.

(g) For 2015 and subsequent years, the IPAB is obligated to make changes to the Medicare program that will reduce spending if the rate of growth in spending per beneficiary is projected to exceed a target rate of growth linked to the consumer price index and per capita changes in nominal gross domestic product. CBO’s projections of the rates of growth in spending per beneficiary in the May 2013 baseline are below the target rates of growth for each fiscal year throughout 2023 (the end of the current baseline projection period).

(h) Amounts that are paid to providers and later recovered are included in the total for mandatory Medicare spending, but the amounts are not broken out by type of provider. CBO counts the initial payment of such amounts as outlays for benefits and the subsequent recovery as offsetting receipts to conform to the reporting in the *Monthly Treasury Statement*. I In the past, the Medicare Trustees have reported benefits net of recoveries, so they have not treated the recoveries as offsetting receipts.

(i) Capitation payments to group health plans and prescription drug plans for the month of October are accelerated into the preceding fiscal year when October 1 falls on a weekend. The adjustment for timing shifts reflects 12 capitation payments per year.

(j) The Affordable Care Act requires that certain indexes used to update payment rates be adjusted by the 10-year moving average of multi-factor productivity. This includes indexes for: inpatient acute hospitals, skilled nursing facilities, long-term care hospitals, inpatient rehabilitation hospitals, home health agencies, psychiatric hospitals, hospice care, dialysis, outpatient hospitals, ambulance services, ambulatory surgical center services, laboratory services, certain durable medical equipment, prosthetic devices, and orthotics. The adjustment for multi-factor productivity is included in the PPS Update Factor and the MEI shown above.

(k) Includes individuals enrolled in stand-alone prescription drug plans, Medicare Advantage plans with prescription drug coverage, and the retiree drug subsidy.

(l) Includes Medicare Advantage, cost contracts, and demonstration contracts covering Medicare Parts A and B. Does not include Health Care Prepayment Plans, which cover Part B services only.

(m) Surpluses and deficits reflect income minus outlays for each year. Deficits are denoted by negative numbers.

(n) Part B premium receipts include the Part B income-related premium but do not include effects of sequestration, which are shown in a separate line.

(o) Part D premium receipts include the Part D income-related premium but do not include premiums that enrollees pay directly to their plans or premiums covered by the low-income subsidy.