



Medicare

Medicare is the federal health insurance program for people age 65 or older, for younger people with certain disabilities, and for people of any age with end-stage renal disease. The program has three principal components: Part A (Hospital Insurance), Part B (Medical Insurance, which covers doctors' services, outpatient care, and other medical services), and Part D (which covers outpatient prescription drugs). Part A benefits are paid from the Hospital Insurance Trust Fund (funded largely through payroll taxes); Part B and Part D benefits are paid from the Supplementary Medical Insurance Trust Fund (about 25 percent funded by premiums paid by enrollees and about 75 percent funded from general revenues).

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	Actual, 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027- 2031	2027- 2036
BUDGET INFORMATION														
Billions of dollars, by fiscal year														
Medicare Totals														
Mandatory Outlays ^a	1,180	1,287	1,374	1,533	1,470	1,649	1,753	1,867	2,123	2,153	2,155	2,421	7,778	18,497
Discretionary Outlays	<u>9</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>48</u>	<u>105</u>
Gross Outlays	1,189	1,295	1,382	1,542	1,480	1,659	1,763	1,877	2,134	2,165	2,167	2,433	7,826	18,601
Total Offsetting Receipts ^b	<u>-192</u>	<u>-224</u>	<u>-234</u>	<u>-249</u>	<u>-266</u>	<u>-292</u>	<u>-316</u>	<u>-340</u>	<u>-368</u>	<u>-394</u>	<u>-422</u>	<u>-451</u>	<u>-1,357</u>	<u>-3,332</u>
Net Outlays (Gross outlays minus receipts)	997	1,071	1,149	1,294	1,214	1,366	1,447	1,537	1,766	1,771	1,745	1,982	6,469	15,269
Net Mandatory Outlays	988	1,063	1,140	1,284	1,204	1,356	1,437	1,526	1,755	1,759	1,733	1,970	6,421	15,164
Components of Mandatory Outlays														
Benefits														
Part A	441	468	496	548	531	582	612	643	713	721	722	789	2,769	6,356
Fee-for-service	234	244	254	263	274	285	296	309	325	342	358	373	1,372	3,078
Group plans (Includes Medicare Advantage)	207	224	243	284	256	297	315	334	388	379	364	416	1,396	3,278
Part B	574	614	652	738	716	814	876	943	1,086	1,114	1,127	1,277	3,796	9,344
Fee-for-service	259	264	270	281	296	311	328	347	371	396	419	445	1,486	3,465
Group plans (Includes Medicare Advantage)	315	350	382	457	421	503	548	596	714	718	707	833	2,310	5,879
Part D	<u>163</u>	<u>202</u>	<u>222</u>	<u>245</u>	<u>221</u>	<u>250</u>	<u>262</u>	<u>278</u>	<u>322</u>	<u>315</u>	<u>304</u>	<u>352</u>	<u>1,200</u>	<u>2,770</u>
Total Benefits	1,177	1,285	1,371	1,531	1,467	1,646	1,750	1,864	2,120	2,150	2,152	2,418	7,765	18,470
Mandatory Administration ^c	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>13</u>	<u>27</u>
Total Mandatory Outlays	1,180	1,287	1,374	1,533	1,470	1,649	1,753	1,867	2,123	2,153	2,155	2,421	7,778	18,497
Components of Offsetting Receipts														
Part A Premiums	-5	-6	-6	-6	-6	-7	-7	-8	-8	-9	-9	-10	-32	-77
Part B Premiums and Inflation Rebate Collections ^d	-148	-169	-181	-193	-206	-225	-243	-263	-286	-307	-330	-354	-1,048	-2,589
Part D Premiums and Inflation Rebate Collections ^e	-6	-16	-11	-13	-14	-20	-23	-25	-26	-28	-31	-33	-81	-224
Part D Payments by States	-19	-20	-22	-23	-25	-26	-28	-30	-31	-33	-35	-37	-124	-291
Payments Recovered From Providers ^f	<u>-13</u>	<u>-14</u>	<u>-14</u>	<u>-14</u>	<u>-15</u>	<u>-15</u>	<u>-15</u>	<u>-15</u>	<u>-16</u>	<u>-16</u>	<u>-16</u>	<u>-17</u>	<u>-73</u>	<u>-153</u>
Total	-192	-224	-234	-249	-266	-292	-316	-340	-368	-394	-422	-451	-1,357	-3,332
Adjusted Benefit Spending														
Capitation Payments (Number per year) ^g	12	12	12	13	11	12	12	12	13	12	11	12	n.a.	n.a.
Benefits, Adjusted for Recoveries and Timing Shifts ^{f,g}	1,166	1,271	1,358	1,436	1,535	1,632	1,736	1,849	1,988	2,127	2,262	2,402	7,695	18,323
Benefits, Adjusted for Recoveries, Timing Shifts, and Premiums ^{d,e,f,g}	988	1,061	1,137	1,200	1,283	1,353	1,434	1,524	1,635	1,748	1,855	1,967	6,408	15,137

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	Actual, 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027- 2031	2027- 2036
Average Monthly Enrollment in a Fiscal Year (Thousands of people)														
Part A	68,567	69,964	71,526	73,051	74,510	75,705	76,639	77,459	78,229	79,012	79,840	80,507	n.a.	n.a.
Fee-for-service	33,664	33,736	33,733	33,746	33,819	33,850	33,834	33,830	33,857	33,936	34,073	34,173	n.a.	n.a.
Group plans (Includes Medicare Advantage)	34,903	36,228	37,793	39,305	40,691	41,855	42,805	43,629	44,372	45,076	45,767	46,334	n.a.	n.a.
Part B	62,924	64,223	65,656	67,056	68,396	69,492	70,350	71,103	71,809	72,528	73,288	73,901	n.a.	n.a.
Fee-for-service	27,971	27,864	27,684	27,545	27,474	27,387	27,278	27,192	27,144	27,146	27,203	27,239	n.a.	n.a.
Group plans (Includes Medicare Advantage)	34,953	36,359	37,972	39,511	40,922	42,105	43,072	43,911	44,665	45,382	46,085	46,662	n.a.	n.a.
Part D ^h	56,231	57,378	58,576	59,752	60,881	61,800	62,513	63,139	63,728	64,330	64,973	65,488	n.a.	n.a.
Part D Low-Income Subsidy	14,681	14,951	15,266	15,575	15,872	16,114	16,301	16,465	16,620	16,778	16,947	17,083	n.a.	n.a.
Average Spending per Beneficiary, Adjusted for Recoveries, Timing Shifts, and Premiums														
Part A	6,220	6,490	6,730	6,970	7,220	7,470	7,760	8,070	8,470	8,870	9,200	9,540	n.a.	n.a.
Part B	6,720	6,870	7,110	7,500	7,950	8,410	8,930	9,510	10,240	10,990	11,670	12,420	n.a.	n.a.
Part D	2,450	2,900	3,240	3,170	3,310	3,290	3,390	3,540	3,730	3,910	4,090	4,300	n.a.	n.a.
Hospital Insurance Trust Fund														
Beginning-of-Year Balance	235	253	277	298	290	325	333	337	334	286	255	252	n.a.	n.a.
Noninterest Income (Mostly payroll taxes)	459	488	512	535	559	584	608	633	660	687	716	745	2,798	6,239
Interest	<u>9</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>13</u>	<u>12</u>	<u>11</u>	<u>10</u>	66	125
Total Income	468	499	523	547	572	598	623	648	673	699	727	755	2,864	6,365
Outlays	450	474	503	555	537	590	619	650	721	730	730	797	2,804	6,432
Surplus or Deficit (-)	18	24	20	-7	35	8	3	-3	-48	-31	-4	-42	59	-67
End-of-Year Balance	253	277	298	290	325	333	337	334	286	255	252	210	n.a.	n.a.

Components may not sum to totals because of rounding; n.a. = not applicable.

- “Mandatory Outlays” include the effects of sequestration on spending for Medicare benefits under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.
- Offsetting receipts include premiums, rebates paid to the federal government by drug manufacturers whose products have prices that exceed an inflation-adjusted benchmark price, payments from states to Medicare Part D on behalf of enrollees who are eligible both for Medicare and for Medicaid, and amounts paid to providers and later recovered.
- “Mandatory Administration” outlays include those for quality improvement organizations, certain activities against fraud and abuse, and certain administrative activities funded in authorization acts.
- Part B premium receipts include income-related premiums.
- Part D premium receipts include income-related premiums but not premiums that enrollees pay directly to their plans or premiums covered by the low-income subsidy.
- Recoveries are amounts that are paid to providers and later recovered; they are included in the total for mandatory Medicare spending. CBO counts the initial payment of such recoveries as outlays for benefits and counts subsequent recoveries as offsetting receipts to conform to reporting in the *Monthly Treasury Statements*. In the past, Medicare’s trustees have reported benefits net of recoveries; those reports have not treated the recoveries as offsetting receipts.
- Capitation payments to group health plans and prescription drug plans for the month of October are shifted into the prior fiscal year when October 1 falls on a weekend.
- Includes people enrolled in stand-alone prescription drug plans, Medicare Advantage plans with prescription drug coverage, employer group waiver plans, and the retiree drug subsidy.