

MEDICARE TOTALS (in billions of dollars)

Mandatory Outlays (a)	551	592	605	627	680	706	741	811	867	928	1,024	1,079
Discretionary Outlays	6	6	7	7	7	8	8	9	10	10	11	11
Gross Outlays	557	598	612	634	688	714	750	820	877	938	1,035	1,090
Total Offsetting Receipts (b)	-85	-91	-96	-97	-102	-111	-121	-131	-139	-149	-162	-176
Net Outlays (Total Outlays - Receipts)	472	508	516	536	586	603	628	689	738	789	873	914
Net Mandatory Outlays (Mandatory Outlays - Receipts)	466	502	509	529	578	596	620	680	728	779	862	903

COMPONENTS OF MANDATORY OUTLAYS (in billions of dollars)

Benefits												
Part A	261	284	295	303	322	332	349	373	393	415	445	463
Part B	232	244	245	252	273	287	303	331	355	381	417	443
Part D	55	65	71	78	93	96	99	118	130	144	168	171
Budget Control Act Sequestration (effect of sequestration on spending for Medicare benefits) (c)	0	-3	-9	-9	-10	-11	-12	-12	-13	-14	-7	0
Total Benefits	549	590	603	625	678	704	739	809	865	926	1,022	1,077
Mandatory Administration (d)	2	2	2	2	2	2	2	2	2	2	2	2
Total Mandatory Outlays	551	592	605	627	680	706	741	811	867	928	1,024	1,079

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

Hospital Inpatient Care	140	148	153	162	174	187	204	215	228	241	254	269
Skilled Nursing Facilities	29	30	32	35	39	43	47	51	54	58	63	67
Physician Fee Schedule	68	68	63	64	70	77	84	90	97	104	113	122
Hospital Outpatient Services	34	36	39	44	50	57	63	70	77	85	94	103
Group Plans (includes Medicare Advantage)	123	145	146	135	138	122	109	122	126	132	150	144
Home Health Agencies	19	20	21	23	24	26	28	30	32	35	37	40
Part D Benefits (prescription drugs) (f)	55	65	71	78	93	96	99	118	130	144	168	171
Other Services (g)	68	69	73	78	84	91	98	105	112	119	127	135
Not Allocated to Specific Services:												
Independent Payment Advisory Board (IPAB) (h)	0	0	0	0	0	0	0	0	0	0	0	0
Budget Control Act Sequestration (effect of sequestration on spending for Medicare benefits) (c)	0	-3	-9	-9	-10	-11	-12	-12	-13	-14	-7	0
Subtotal, Medicare Benefits, Net of Recoveries	536	577	590	610	663	687	721	789	844	903	998	1,051
Amounts Paid to Providers and Recovered (i)	13	13	13	14	16	17	19	20	21	23	24	26
Total, Mandatory Medicare Benefit Outlays	549	590	603	625	678	704	739	809	865	926	1,022	1,077
Memorandum:												
Number of Capitation Payments (j)	11	12	12	12	13	12	11	12	12	12	13	12
Medicare Benefits, net of recoveries, adjusted to remove effect of timing shifts (i, j)	551	577	590	610	646	687	738	789	844	903	975	1,049

ANNUAL GROWTH RATES (in percent)

Total Mandatory Outlays	-1.5	7.5	2.2	3.5	8.6	3.8	5.0	9.4	6.9	7.0	10.4	5.3
Total Offsetting Receipts	6.8	6.6	5.9	1.3	4.8	8.6	9.7	8.1	5.6	7.6	8.8	8.4
Net Mandatory Outlays (Mandatory Outlays - Receipts)	-2.9	7.6	1.5	3.9	9.3	2.9	4.1	9.7	7.1	6.9	10.7	4.7
Benefits adjusted for recoveries and timing shifts (i, j)												
Part A benefits	3.9	6.0	2.8	2.6	4.3	4.6	6.6	5.2	5.4	5.6	6.7	6.4
Part B benefits	4.9	2.3	-0.3	2.6	6.2	6.9	7.3	7.4	7.2	7.4	8.8	8.5
Part D benefits	-3.2	9.1	9.5	9.9	10.2	10.6	11.0	11.3	10.4	10.2	9.0	8.8
Total Medicare Benefits	3.5	4.8	2.3	3.5	5.8	6.3	7.5	6.9	6.9	7.0	7.9	7.6
Average benefit spending per beneficiary, adjusted for recoveries and timing shifts (i, j)												
Part A benefits	0.4	2.7	-0.2	-0.4	1.5	1.8	3.7	2.2	2.5	2.7	3.9	3.6
Part B benefits	1.3	-0.8	-3.2	-0.3	3.2	3.9	4.3	4.4	4.2	4.4	5.9	5.7
Part D benefits	-8.3	5.1	5.8	6.2	6.6	7.0	7.4	7.6	6.9	6.7	5.7	5.6

PAYMENT UPDATES AND CHANGES IN PRICE INDEXES (in percent)

Part A (fiscal year)												
Prospective Payment System (PPS) Market Basket Increase	3.0	2.6	2.3	3.2	3.3	3.4	3.4	3.4	3.3	3.3	3.3	3.2
PPS Update Factor	1.9	1.8	1.4	2.5	2.5	1.9	1.7	1.5	2.1	2.2	2.1	2.0
Part B (calendar year)												
Physician Medicare Economic Index (MEI)	0.6	0.8	0.7	2.0	2.8	2.8	2.8	2.6	2.1	2.1	2.2	2.0
Consumer Price Index for Urban Consumers (CPI-U)	2.1	1.6	1.9	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
10-year moving average of multi-factor productivity (k)	1.0	0.7	0.6	0.5	0.6	0.7	0.9	1.2	1.2	1.1	1.2	1.2

Continued

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

Part A	50	51	53	55	56	58	59	61	63	64	66	68
Part B	46	48	49	50	52	53	55	56	58	60	61	63
Part D (l)	37	39	40	42	43	44	46	47	49	51	52	54
Memorandum: Part D Low-Income Subsidy	11	11	12	12	13	13	14	14	15	15	15	16
Part A Fee-for-Service Enrollment (e)	37	37	39	41	43	46	48	50	51	53	55	57
Group Plan Enrollment (e, m)	13	14	14	13	13	12	11	11	11	11	11	11

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

HI Trust Fund Income												
Receipts (mostly payroll taxes)	238	242	256	273	294	315	335	353	372	392	412	433
Interest	11	11	10	9	8	7	6	6	5	5	4	(n)
Total Income	249	254	266	282	301	322	341	359	377	396	415	(n)
HI Trust Fund Outlays	265	287	295	303	322	331	348	372	392	414	447	469
HI Trust Fund Surplus or Deficit (o)	-16	-33	-29	-21	-20	-9	-7	-13	-14	-18	-32	(n)
HI Trust Fund Balance (end of year)	229	196	168	147	127	118	111	98	84	66	34	(n)

Memorandum:

Annual Shortfall (after balances are exhausted, amount by which outlays exceed receipts)	-	-	-	-	-	-	-	-	-	-	-	2
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OFFSETTING RECEIPTS (in billions of dollars)

Part A Premiums	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	-5
Part B Premiums (p)	-58	-63	-67	-67	-69	-75	-83	-90	-94	-101	-110	-118
Effect of Sequestration on Part B Premiums	0	0	1	1	1	1	1	1	1	2	1	0
Part D Premiums (q)	-3	-3	-4	-4	-5	-5	-6	-7	-7	-8	-8	-9
Part D Payments by States	-8	-9	-9	-10	-10	-11	-12	-13	-14	-15	-16	-18
Amounts Paid to Providers and Recovered (i)	-13	-13	-13	-14	-16	-17	-19	-20	-21	-23	-24	-26
Subtotal, Offsetting Receipts	-85	-91	-96	-97	-102	-111	-121	-131	-139	-149	-162	-176

Components may not sum to totals because of rounding.

NOTES:

- Mandatory outlays include the effects of sequestration on spending for Medicare benefits.
- 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 of sequestration on spending for Medicare benefits.
- 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.
- 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.
- Enrollment projections for group plans (including Medicare Advantage plans) have not been updated for 2014 and subsequent years. Accordingly, projected spending in those years for both the fee-for-service sector and group plans reflects enrollment projections in CBO's March 2012 baseline. Those enrollment projections will be updated in our next baseline.
- Includes payments to prescription drug plans, the retiree drug subsidy, and the low-income subsidy.
- 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 PPS; independent, physician in-office, and hospital outpatient department laboratory services; outpatient dialysis; outpatient therapy services; Part B prescription drugs; and rural health clinic services.
- 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 January 2013 baseline are below the target rates of growth for each fiscal year.
- 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*. In the past, the Medicare Trustees have reported benefits net of recoveries, so they have not treated the recoveries as offsetting receipts.
- 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.
- The Affordable Care Act (ACA) 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.
- Includes individuals enrolled in stand-alone prescription drug plans, Medicare Advantage plans with prescription drug coverage, and the retiree drug subsidy.
- 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.
- The balance in the Hospital Insurance Trust Fund is projected to become exhausted in 2023. Accordingly, certain components of trust fund operations for the year of exhaustion are not meaningful under present law and are not shown in this table.
- Surpluses and deficits reflect income minus outlays for each year. Deficits are denoted by negative numbers.
- Part B premium receipts include the Part B income-related premium but do not include effects of sequestration, which is shown in a separate line.
- 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.