

By fiscal year Actual 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

Medicare Totals (Billions of dollars)

Mandatory Outlays (a)	585	612	627	672	686	706	778	831	890	989	1,020	1,051
Discretionary Outlays	6	6	6	7	7	8	8	9	9	10	10	11
Gross Outlays	591	618	634	679	694	713	786	840	900	999	1,031	1,062
Total Offsetting Receipts (b)	-93	-99	-104	-109	-117	-126	-136	-145	-155	-168	-181	-193
Net Outlays (Total Outlays - Receipts)	498	518	530	570	577	587	650	695	745	831	850	869
Net Mandatory Outlays (Mandatory Outlays - Receipts)	492	512	524	563	570	579	641	686	736	821	839	858

Components of Mandatory Outlays (Billions of dollars)

Benefits												
Part A	275	282	286	305	310	319	346	367	390	426	442	457
Part B	251	268	274	289	298	309	341	366	392	434	451	467
Part D	62	70	76	88	88	88	102	111	122	144	147	147
Budget Control Act Sequestration (effect of sequestration on spending for Medicare benefits) (c)	-5	-11	-11	-12	-12	-13	-14	-15	-16	-17	-22	-24
Total Benefits	583	609	625	670	684	703	775	829	888	987	1,018	1,048
Mandatory Administration (d)	2	3	3	2	2	2	2	2	2	2	3	2
Total Mandatory Outlays	585	612	627	672	686	706	778	831	890	989	1,020	1,051

Components of Benefits Payments (Billions of dollars)

Hospital Inpatient Care	139	143	140	144	147	154	161	169	178	188	199	210
Skilled Nursing Facilities	29	30	31	33	35	37	39	42	45	48	51	55
Physician Fee Schedule	71	73	67	63	67	71	75	79	84	89	94	100
Hospital Outpatient Services	37	41	45	48	52	55	60	64	70	75	82	88
Group Plans (includes Medicare Advantage)	145	156	164	187	182	178	212	230	248	292	288	281
Home Health Agencies	19	19	19	19	20	21	22	23	24	26	28	30
Part D Benefits (prescription drugs) (e)	62	70	76	88	88	88	102	111	122	144	147	147
Other Services (f)	70	71	74	78	82	86	91	97	103	109	116	123
Not Allocated to Specific Services:												
Independent Payment Advisory Board (IPAB) (g)	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)	-5	-11	-11	-12	-12	-13	-14	-15	-16	-17	-22	-24
Subtotal, Medicare Benefits, Net of Recoveries	566	590	605	649	661	678	749	800	857	953	982	1,009
Amounts Paid to Providers and Recovered (h)	16	18	20	21	23	25	27	29	31	33	36	39
Total, Mandatory Medicare Benefit Outlays	583	609	625	670	684	703	775	829	888	987	1,018	1,048

Memorandum:

Number of Capitation Payments (i)	12	12	12	13	12	11	12	12	12	13	12	11
Medicare Benefits, net of recoveries, adjusted to remove effect of timing shifts (h,i)	566	590	605	627	659	702	749	800	857	918	979	1,047

Annual Growth Rates (Percent)

Total Mandatory Outlays	6.2	4.5	2.6	7.2	2.1	2.8	10.2	6.9	7.1	11.1	3.2	3.0
Total Offsetting Receipts	9.8	6.3	4.3	5.7	6.8	8.2	7.9	6.3	6.7	8.4	8.0	6.4
Net Mandatory Outlays (Mandatory Outlays - Receipts)	5.5	4.2	2.2	7.4	1.2	1.7	10.7	7.0	7.2	11.6	2.2	2.2

Benefits adjusted for recoveries and timing shifts (h,i)

Part A benefits	1.0	1.0	1.3	3.9	3.4	5.6	5.6	6.0	6.3	6.4	5.8	6.0
Part B benefits	4.9	5.7	1.9	2.3	6.1	7.0	7.3	7.2	7.1	7.2	6.7	7.0
Part D benefits	2.3	12.3	9.0	7.5	7.4	7.8	8.1	8.7	9.4	9.2	9.3	9.4
Total Medicare Benefits	2.8	4.3	2.4	3.7	5.1	6.5	6.7	6.9	7.1	7.1	6.7	7.0

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

Part A benefits	-2.8	-2.0	-1.6	1.0	0.5	2.6	2.5	2.9	3.3	3.4	2.9	3.3
Part B benefits	1.4	2.8	-0.9	-0.5	3.1	4.0	4.3	4.2	4.2	4.2	3.8	4.3
Part D benefits	-2.1	7.6	6.1	5.5	5.4	5.7	5.3	5.7	6.4	6.3	6.4	6.7

Payment Updates and Changes in Price Indexes (Percent)

Part A (fiscal year)												
Prospective Payment System (PPS) Market Basket Increase	2.6	2.5	2.6	2.9	3.1	3.4	3.4	3.4	3.4	3.4	3.3	3.2
PPS Update Factor (j)	1.8	1.7	1.7	2.0	1.5	1.7	1.5	2.2	2.3	2.3	2.1	2.0
Part B (calendar year)												
Physician Medicare Economic Index (MEI) (j)	0.8	0.8	2.0	1.7	2.2	2.2	2.4	2.5	2.3	2.3	2.4	2.3
Consumer Price Index for Urban Consumers (CPI-U)	1.5	1.7	2.0	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.4
10-year moving average of multi-factor productivity (j)	0.7	0.5	0.7	0.7	0.8	1.0	1.2	1.2	1.1	1.1	1.2	1.2

Continued

Enrollment (Average monthly enrollment during fiscal year, millions)

Part A	52	54	55	57	59	60	62	64	66	68	70	72
Part B	48	50	51	52	54	56	57	59	61	62	64	66
Part D (k)	39	40	41	42	43	44	45	46	48	49	50	52
Memorandum: Part D Low-Income Subsidy	11	12	12	12	13	13	14	14	15	15	16	17
Part A Fee-for-Service Enrollment	38	38	39	39	40	41	42	43	44	45	46	47
Group Plan Enrollment (l)	14	16	17	18	19	20	21	22	22	23	24	25

Status of Hospital Insurance (HI or Part A) Trust Fund (Billions of dollars)

HI Trust Fund Income												
Receipts (mostly payroll taxes)	244	268	282	297	314	330	347	364	383	402	423	442
Interest	10	10	10	10	10	11	11	12	12	12	12	12
Total Income	254	278	292	307	324	340	358	376	395	415	435	454
HI Trust Fund Outlays	277	281	286	305	309	319	345	366	389	425	439	454
HI Trust Fund Surplus or Deficit (m)	-23	-4	6	3	14	21	13	10	6	-10	-4	0
HI Trust Fund Balance (end of year)	206	203	208	211	225	247	260	270	276	266	261	261

Offsetting Receipts (Billions of dollars)

Part A Premiums	-3	-3	-3	-3	-3	-4	-4	-4	-4	-4	-4	-4
Part B Premiums (n)	-62	-66	-69	-73	-78	-85	-91	-97	-102	-111	-121	-128
Effect of Sequestration on Part B Premiums	0	0	1	1	1	1	1	1	1	1	2	2
Part D Premiums (o)	-3	-4	-4	-4	-4	-5	-5	-6	-6	-7	-7	-8
Part D Payments by States	-9	-8	-8	-9	-9	-10	-11	-11	-12	-13	-14	-16
Amounts Paid to Providers and Recovered (h)	-16	-18	-20	-21	-23	-25	-27	-29	-31	-33	-36	-39
Subtotal, Offsetting Receipts	-93	-99	-104	-109	-117	-126	-136	-145	-155	-168	-181	-193

NOTES: Components may not add up to totals because of rounding.

- Mandatory outlays include the effects of sequestration under the Budget Control Act of 2011, as amended, 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 on premium receipts of sequestration of spending for Medicare benefits.
- Reflects the effect of sequestration on spending for Medicare benefits under the Budget Control Act. A reduction of 2 percent in payment rates will apply to payments for services furnished through March 2023; from April 2023 through September 2024, the reduction will vary between 1.11 percent and 4 percent.
- Mandatory outlays for administration, 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 March 2015.
- Includes payments to prescription drug plans, employer group waiver 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 outpatient prospective payment system; independent and physician in-office 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 April 2014 baseline are below the target rates of growth for each fiscal year through 2024 (the end of the current projection period).
- 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 inflation-based updates to payment rates for certain services and providers are adjusted by the 10-year moving average of multi-factor productivity, including: inpatient acute hospitals, skilled nursing facilities, long-term care hospitals, inpatient rehabilitation hospitals, home health agencies, psychiatric hospitals, hospice care, physician services, 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, employer group waiver plans, 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.
- 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 are 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.