

Macro Roundup Article

Headline: [Analysis of the 2024 Medicare Trustees' Report](#)

Article Link: <https://www.crfb.org/papers/analysis-2024-medicare-trustees-report>

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Tweet: The Medicare Trustees report that the Medicare “trust fund” will be insolvent in 2036 with a 75-year shortfall of up to 1.2% of payroll. @MarcGoldwein @BudgetHawks

Summary: The HI Trust Fund will run out of reserves in 12 years, with a projected insolvency date of 2036. That’s when today’s 53-year-olds will first be eligible for benefits and today’s youngest beneficiaries turn 77. The HI trust fund faces a large shortfall, totaling 0.35% of payroll (0.15% of GDP) over 75 years and peaking at 0.60% of payroll (0.27% of GDP) in 2044. Total Medicare costs will grow rapidly. Total Gross Medicare costs have increased from 2.19% of GDP in 2000 to a projected 3.90% of GDP in 2025 and are projected to grow further to 5.86% of GDP by 2050 and 6.20% of GDP by 2098. Medicare’s financial outlook has largely improved since last year, with the insolvency date now five years later, the 75-year HI shortfall 44% smaller, and gross program costs in 2050 15 percent of GDP lower. However, Part B and D costs are projected to be higher after 2060 and gross costs higher after 2080. Medicare’s situation might be far worse than official projections. Under an alternative scenario created by the Chief Actuary, Medicare spending will rise to 8.38% of GDP in 2098 rather than 6.20 percent. The HI shortfall in this scenario would be 1.19% of payroll instead of 0.35% of payroll.

Related Articles: The Long Term Budget Outlook: 2024 to 2054 and Has the Medicare Cost Problem Gone Away? and Long-Run Fiscal Outlook in the United States

Primary Topic: Fiscal Deficits

Topics: Database, Fiscal Deficits, Fiscal Policy, Government Spending, Op-Ed/Blog Post, Politics, Taxation

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