

Macro Roundup Article

Headline: [The Inflation Reduction Act Comes for Medicare](#)

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Author(s)	Casey Mulligan and Tomas Philipson
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Tweet: .@caseybmulligan and @TomasPhilipson estimate that The Inflation Reduction Act will reduce healthcare subsidies by \$30B starting in 2025, leading to benefit cuts and premium increases for seniors. @WSJ

Summary: The Inflation Reduction Act will lead to benefit cuts and premium increases for seniors. We estimate that beginning in 2025, plan subsidies—specifically, the reinsurance subsidies for the beneficiaries with the most drug spending—will be cut \$30 billion, out of revenue that currently totals about \$110 billion. With \$30 billion less to finance prescription benefits, something will have to give. Traditional Medicare members face a difficult choice in 2025: either take drastic cuts in drug coverage or switch to Medicare Advantage plans that cover prescriptions but may not cover the hospitals and doctors who are currently providing them care.

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Primary Topic: Fiscal Deficits

Topics: Fiscal Deficits, Government Spending, Healthcare/Seniors

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