

The Federal Budget & Health Care Reform

The 24th Princeton Conference
Session III: Possible Medicare Changes

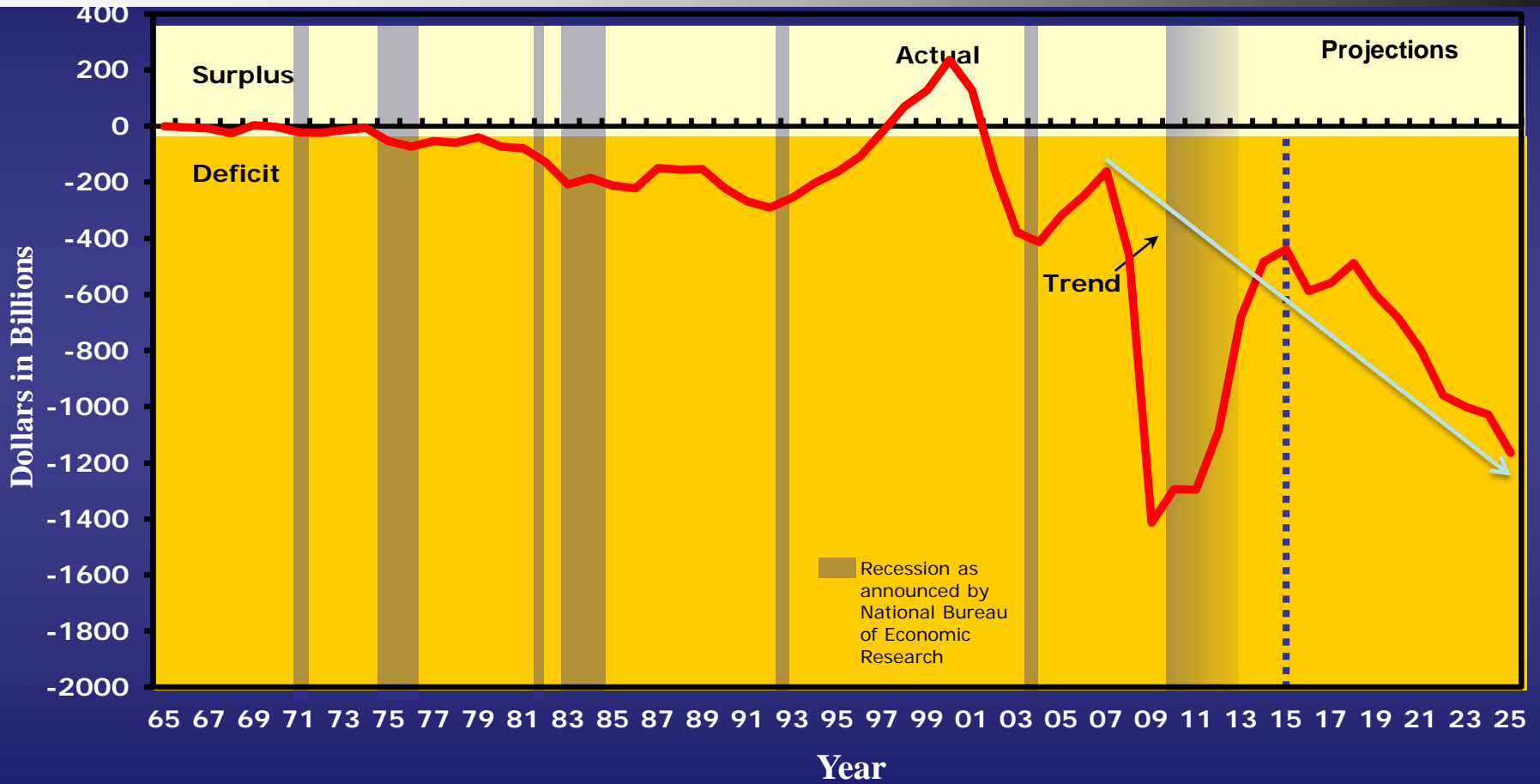
G. William Hoagland
Sr. Vice President
Bipartisan Policy Center

May 24, 2017



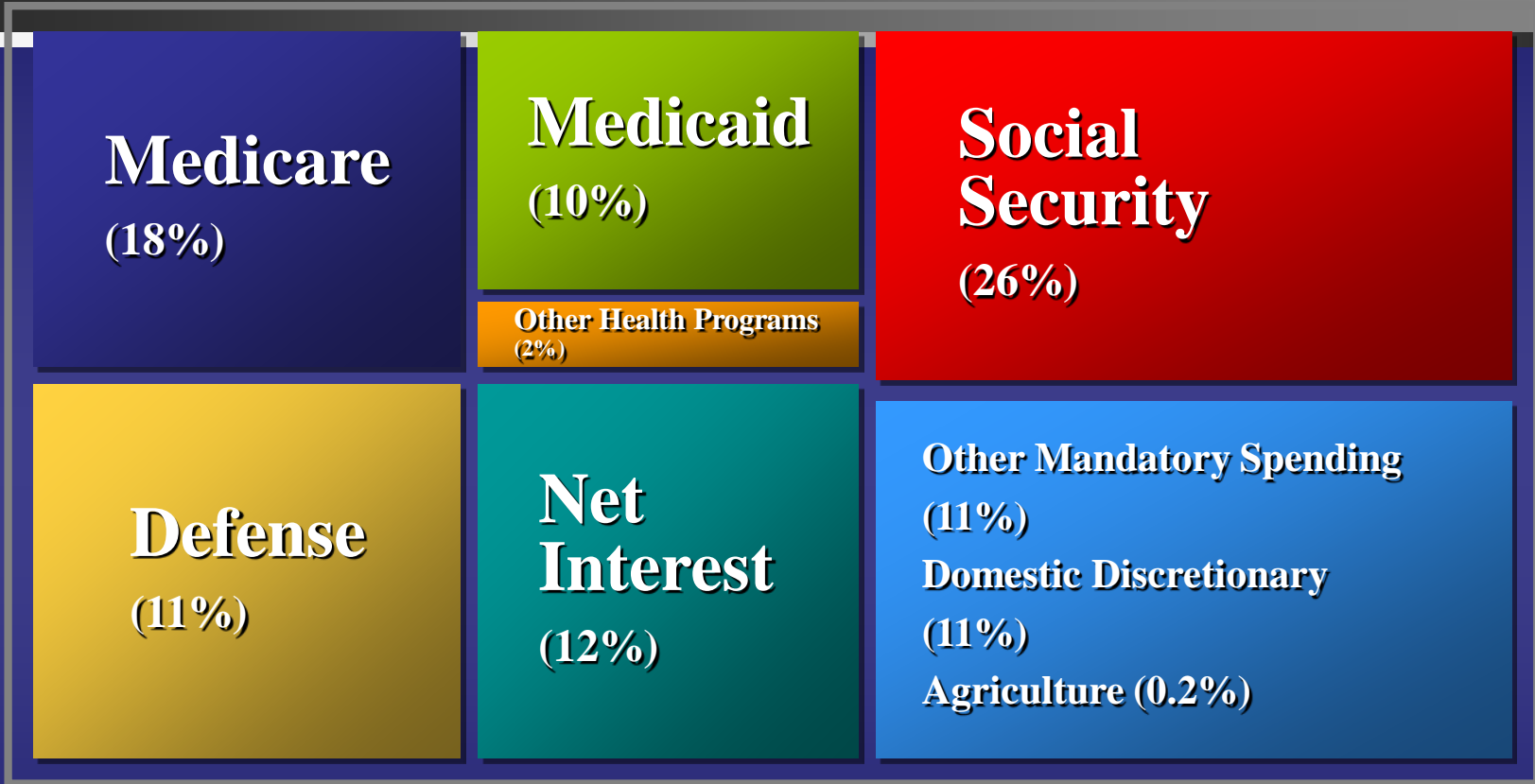
Total Budget Surplus/Deficit FY 1965-2025

— Total Budget Surplus/Deficit



Source: The Budget and Economic Outlook: Fiscal Years 2017 to 2027. Congressional Budget Office; January 2017.

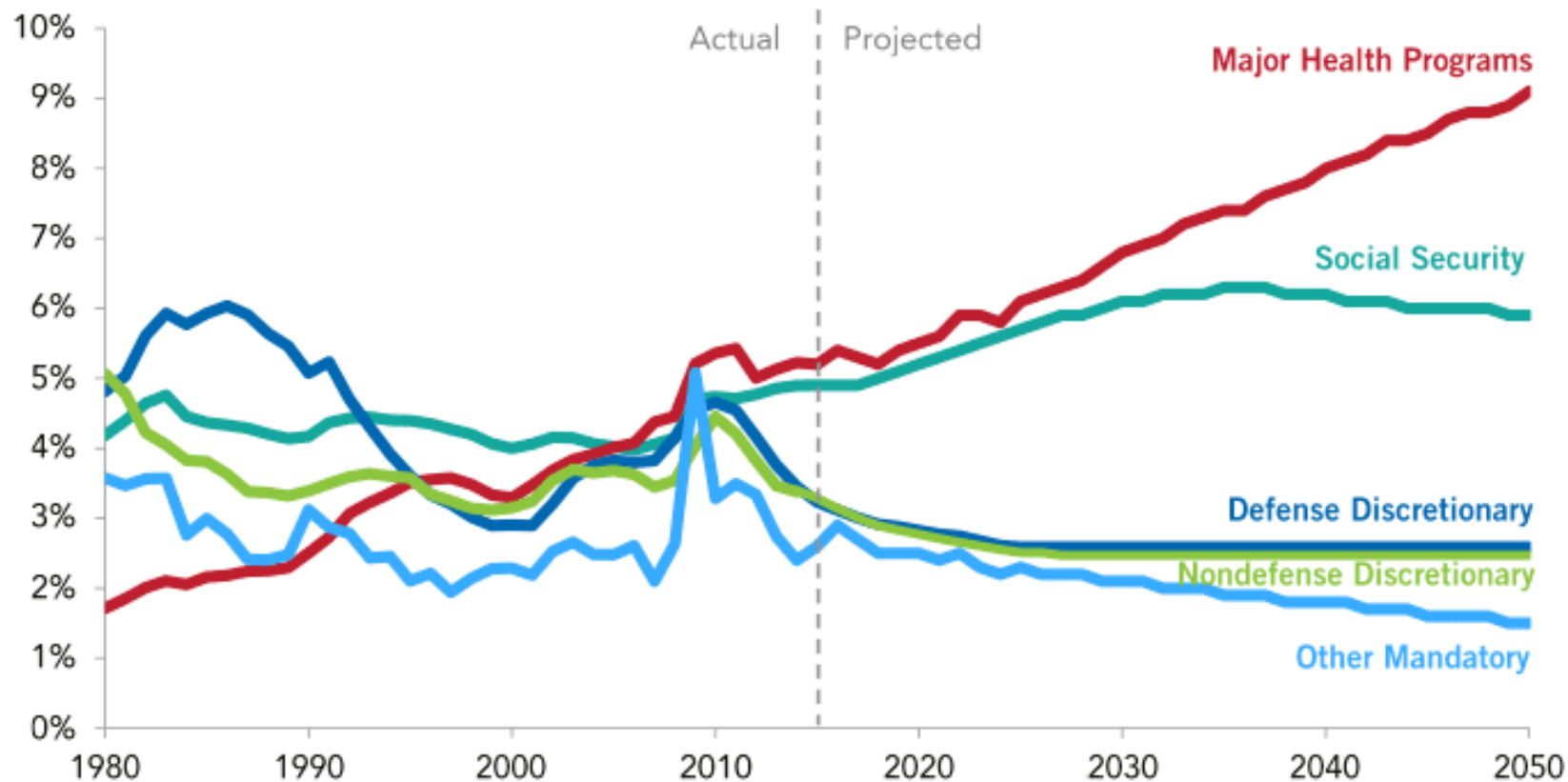
Federal Spending Projected for 2027



“Other Health Programs” includes: Health insurance subsidies, exchanges, and related spending; Department of Defense Medicare-Eligible Retiree Health Care Fund (including TRICARE for Life); Children’s Health Insurance Program, and other programs.

Source: The Congressional Budget Office. The Budget and Economic Outlook: Fiscal Years 2017 to 2027, January 2017.

Federal Spending as a Share of the Economy 1980 – 2050



SOURCE: Congressional Budget Office, *Historical Budget Data*, January 2015, and *The 2015 Long-Term Budget Outlook*, June 2015; and PGPF projections based on CBO data. Calculated by PGPF.

NOTE: Projections are from the extended baseline scenario. Major health programs include Medicare, Medicaid, Children's Health Insurance Program (CHIP), and the health exchanges.

Mandatory Expenditures

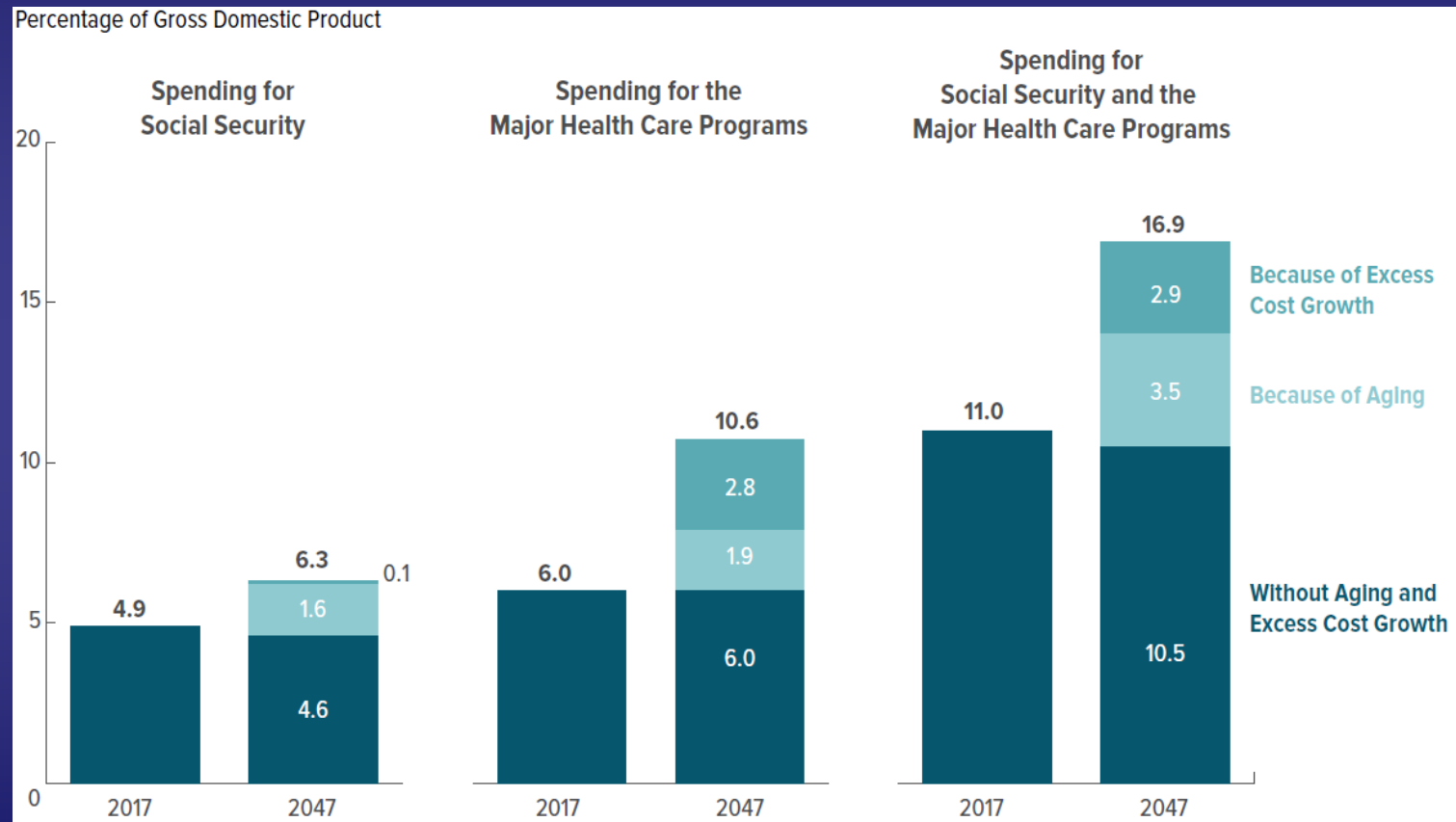
(Outlays by FY, Billions of Dollars)

	<i>2015</i>	<i>2017</i>	<i>2027</i>	<i>Avg. Annual Growth 2017-2027</i>
Medicare	634	705	1,402	7.2%
Medicare Offsetting Receipts	-94	-113	-237	7.7%
Medicaid	350	389	650	5.3%
Health Insurance Subsidies	38	51	106	7.8%
Children's Health Insurance Program	9	15	6	-8.7%
Total Major Health Care	937	1,047	1,927	6.3%
Total Federal Mandatory Spending	2,299	2,484	4,305	5.6%
Health Care as % Total Mandatory	41%	42%	45%	---

GDP projected to increase 3.9% annually over the decade.

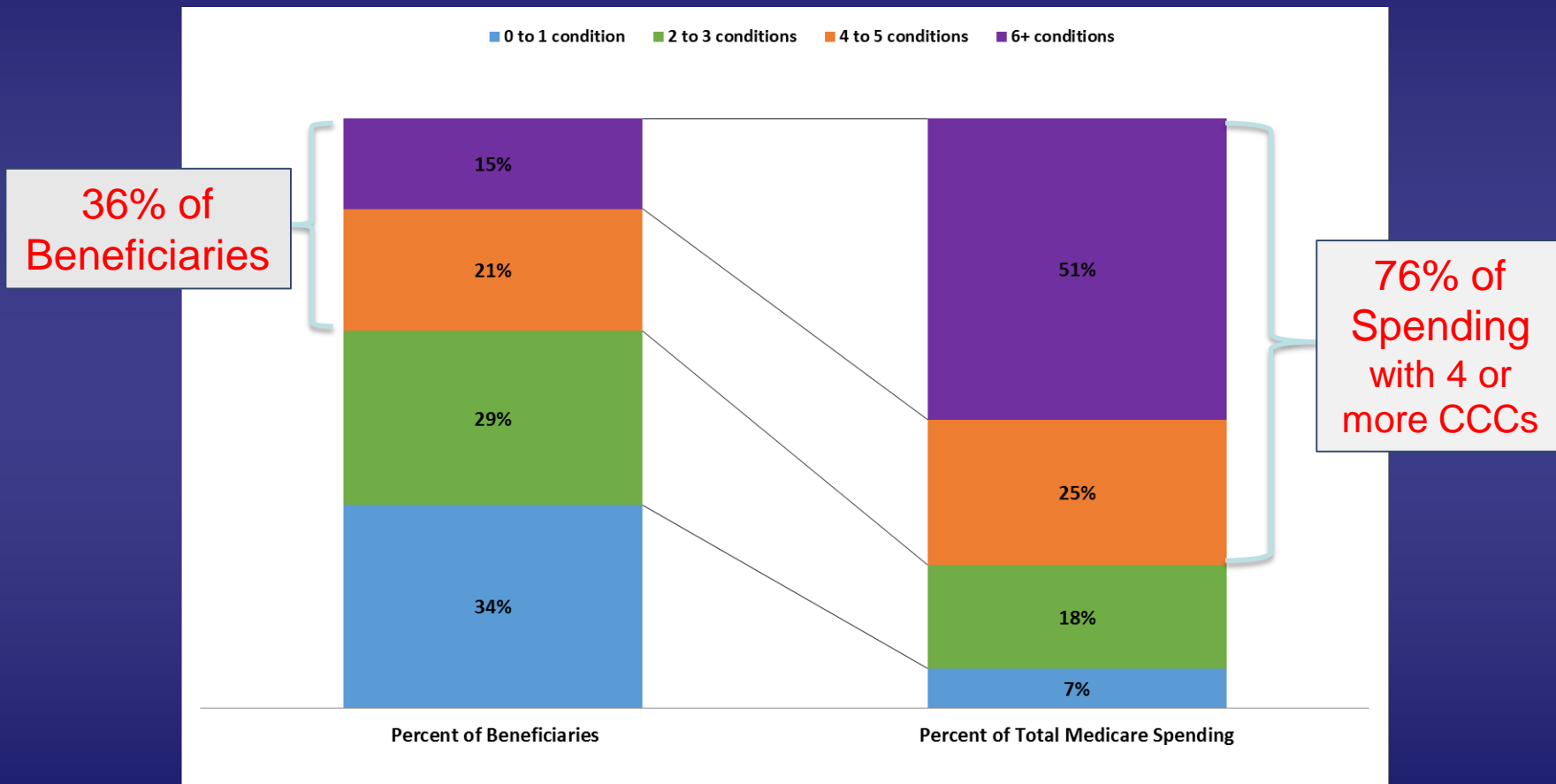
Source: Congressional Budget Office. The Budget and Economic Outlook: 2017 to 2027; January 2017.

Causes of Projected Spending Growth in Social Security and the Major Health Care Programs in CBO's Extended Baseline



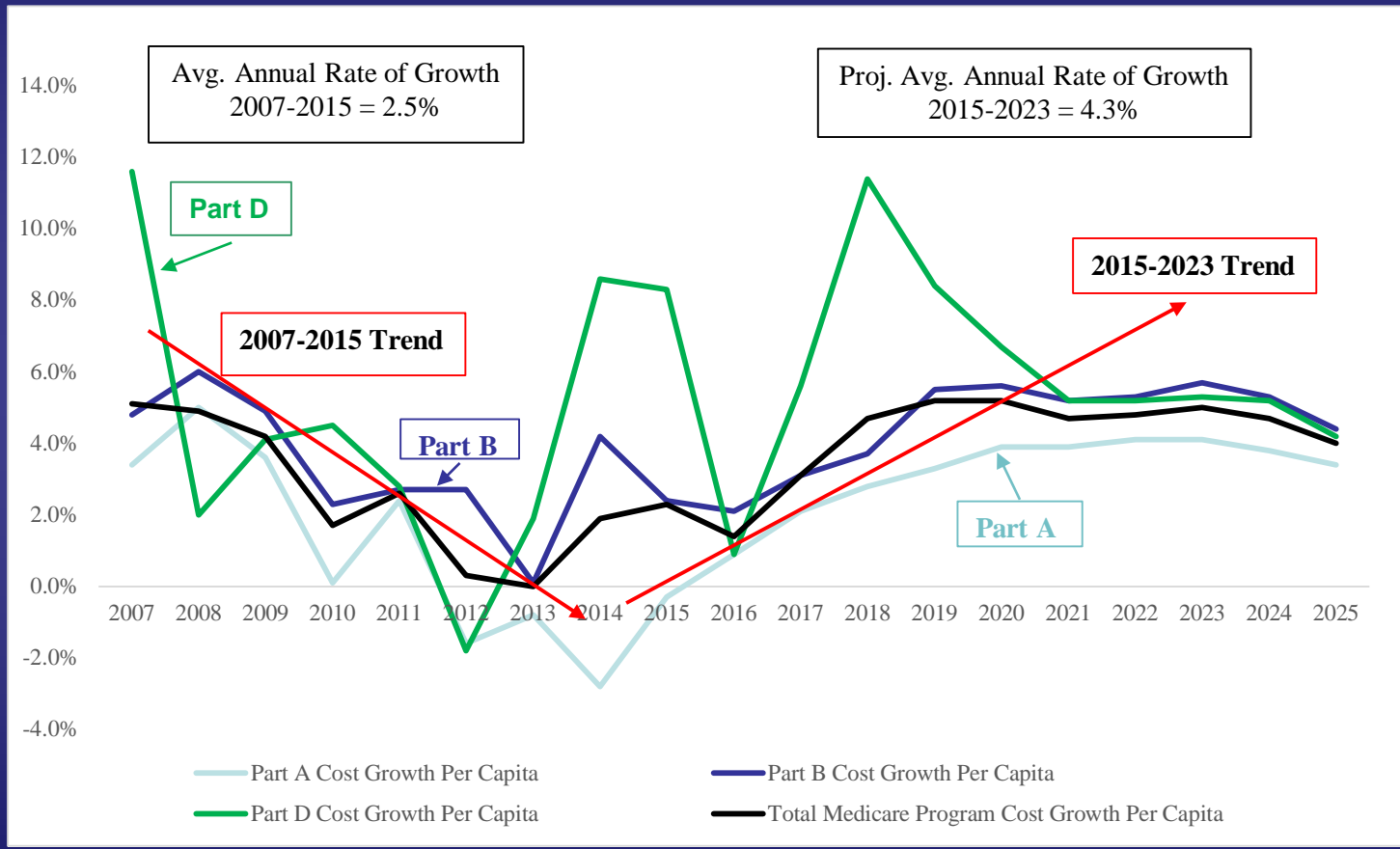
Source: Congressional Budget Office. January 2017.

Distribution of Medicare Fee-for-Service Beneficiaries & Medicare Spending by Number of Chronic Conditions: 2015



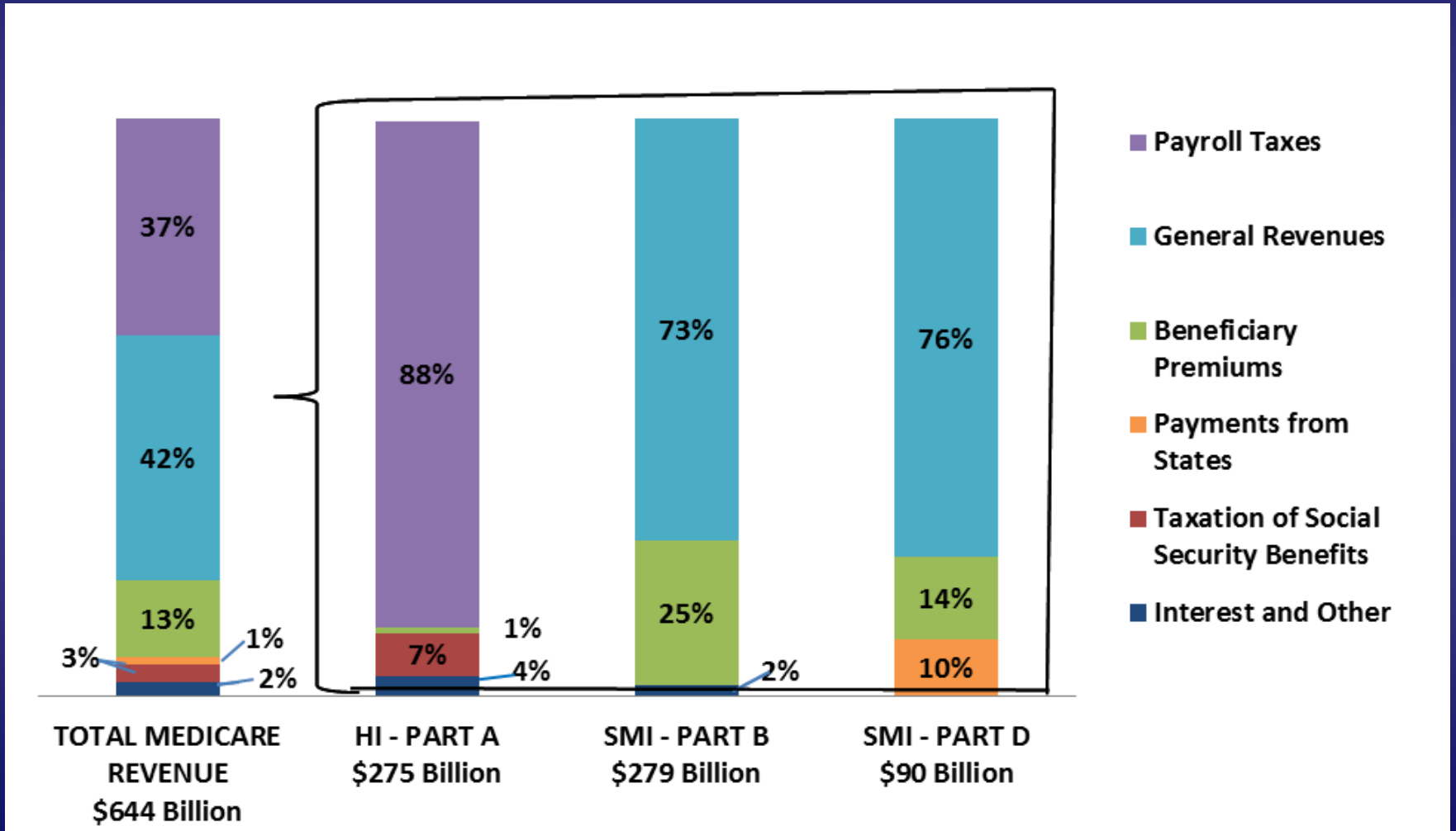
Source: CMS 2015

Year-to-Year Changes in Medicare Per Capita Spending by Program



Source: 2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance Fund Federal Supplementary Medical Insurance Trust Funds.

Sources of Medicare Financing, 2015



Source: 2016 Report of the Medicare Trustees Report.