

# The Federal Budget & Health Care Reform

The 24<sup>th</sup> Princeton Conference  
Session III: Possible Medicare Changes

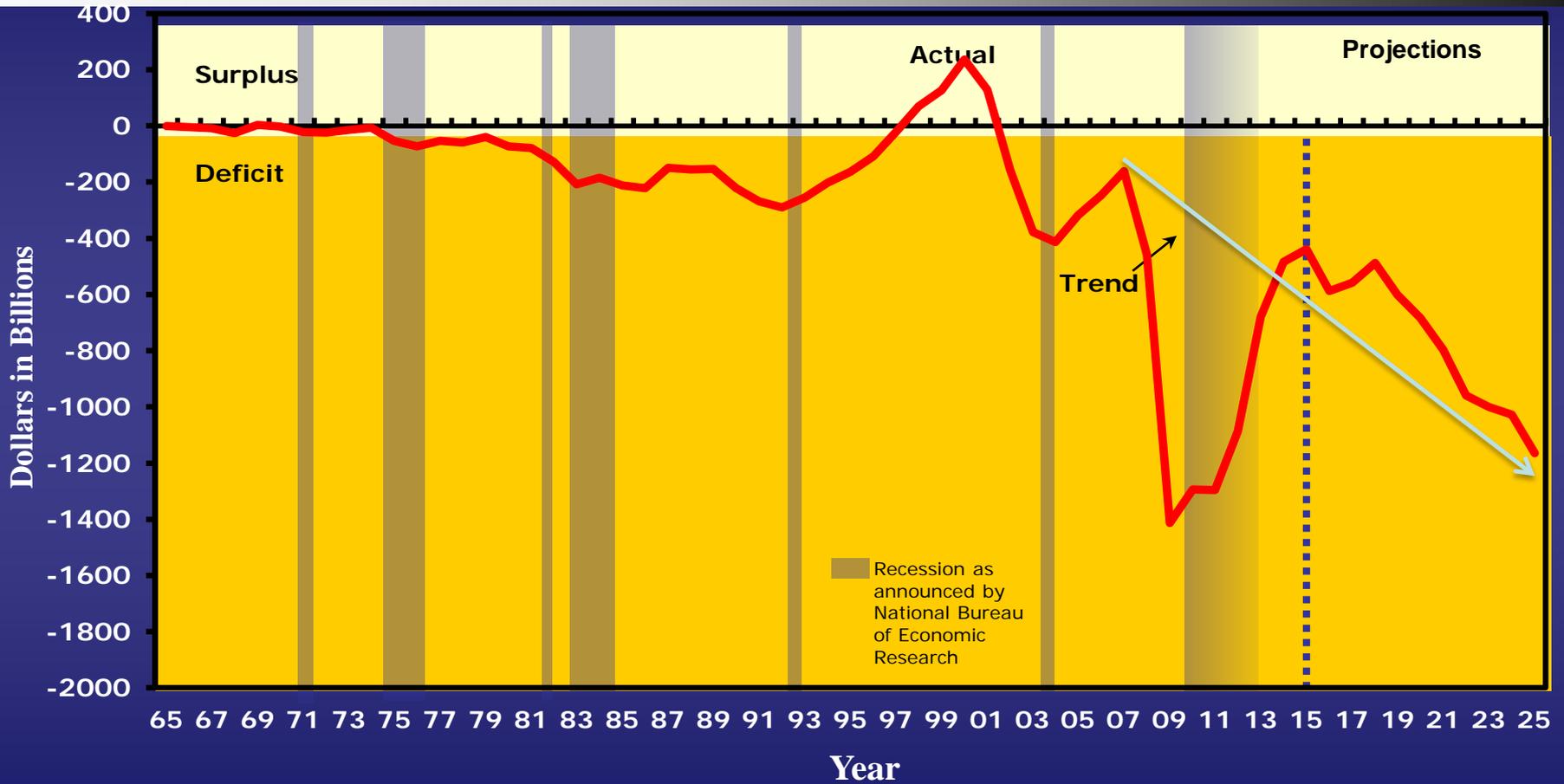
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**May 24, 2017**



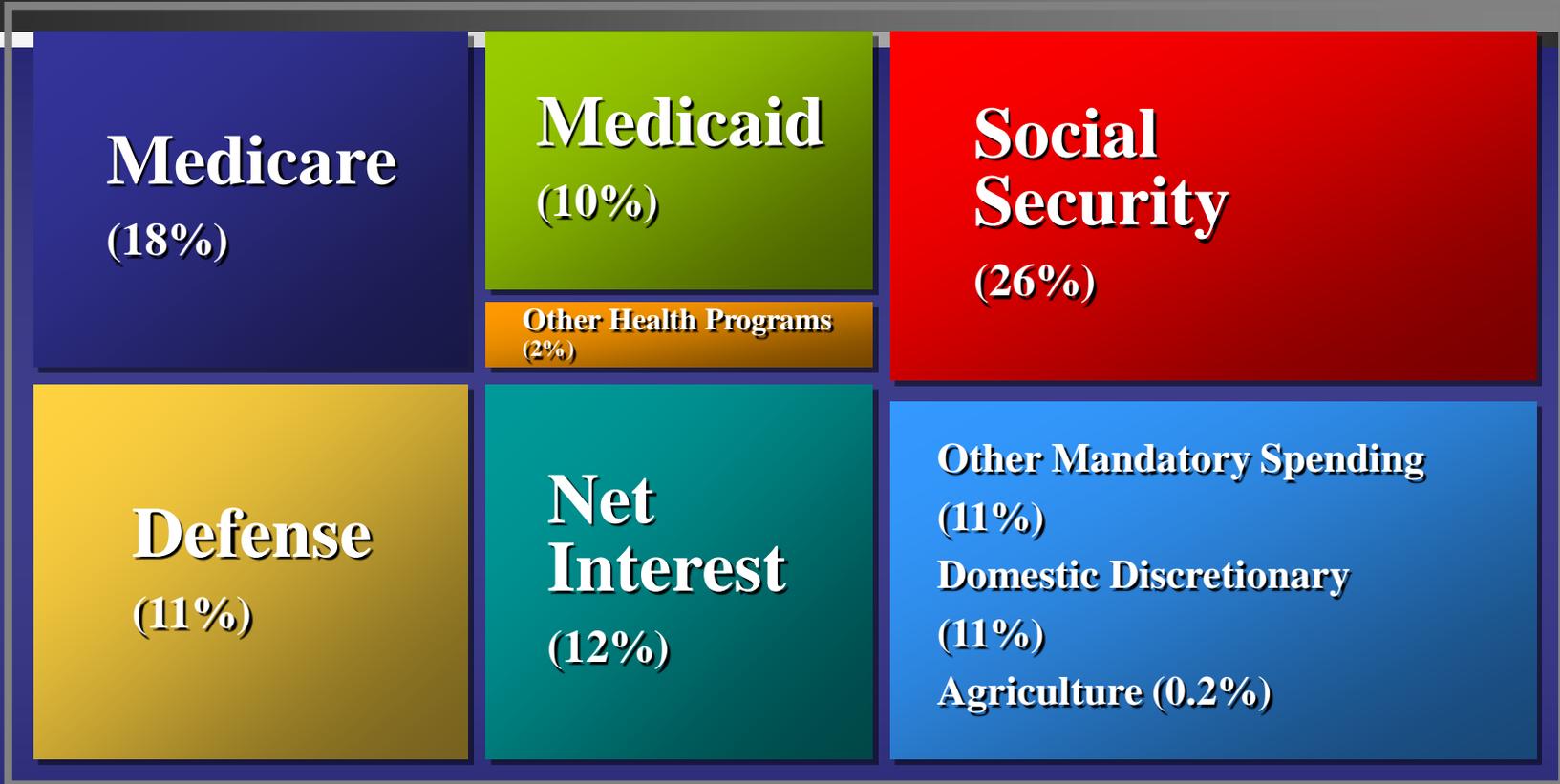
# Total Budget Surplus/Deficit FY 1965-2025

— Total Budget Surplus/Deficit



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

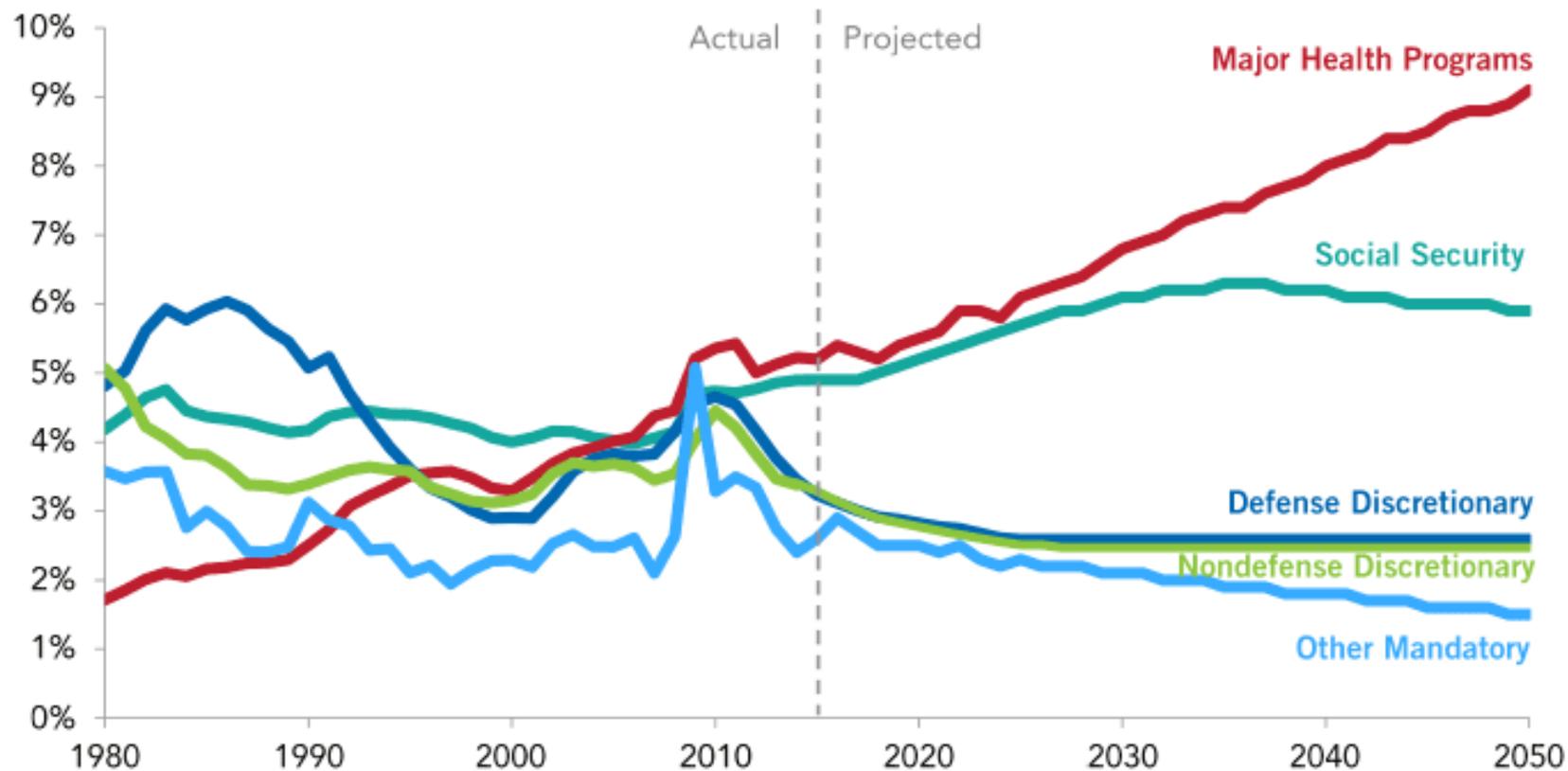
# Federal Spending Projected for 2027



“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

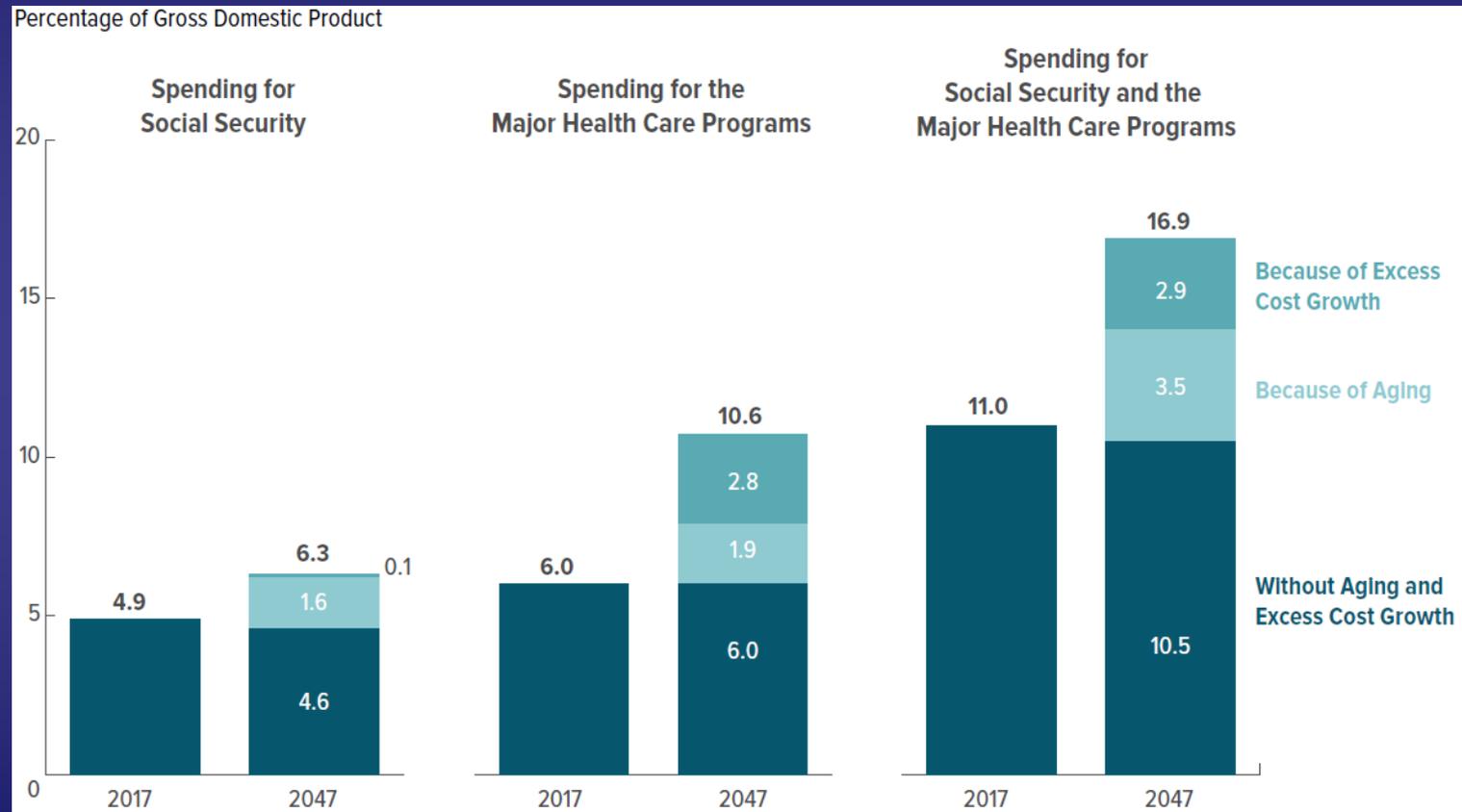
(Outlays by FY, Billions of Dollars)

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

**GDP projected to increase 3.9% annually over the decade.**

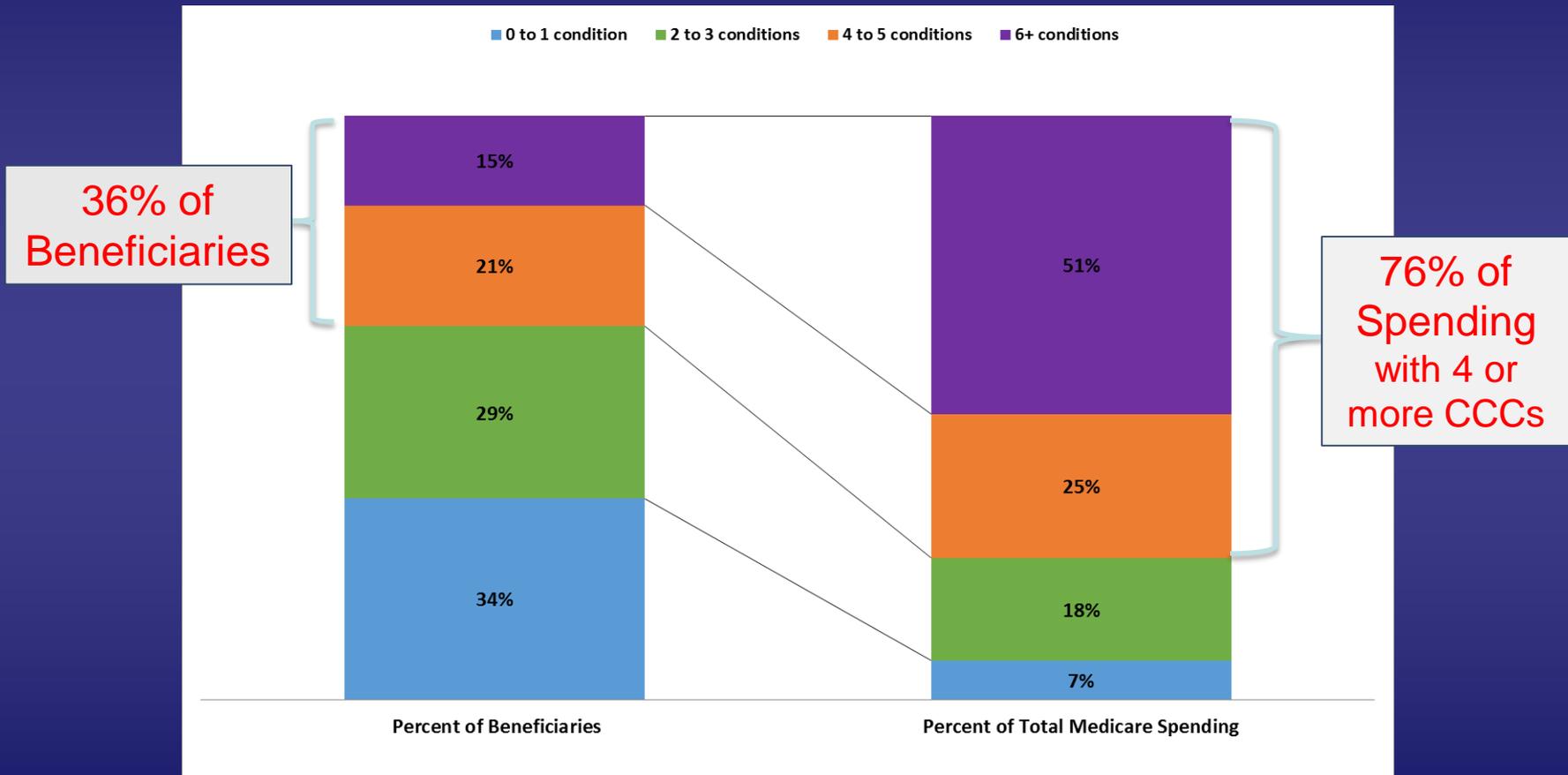
Source: Congressional Budget Office. The Budget and Economic Outlook: 2017 to 2027; January 2017.

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



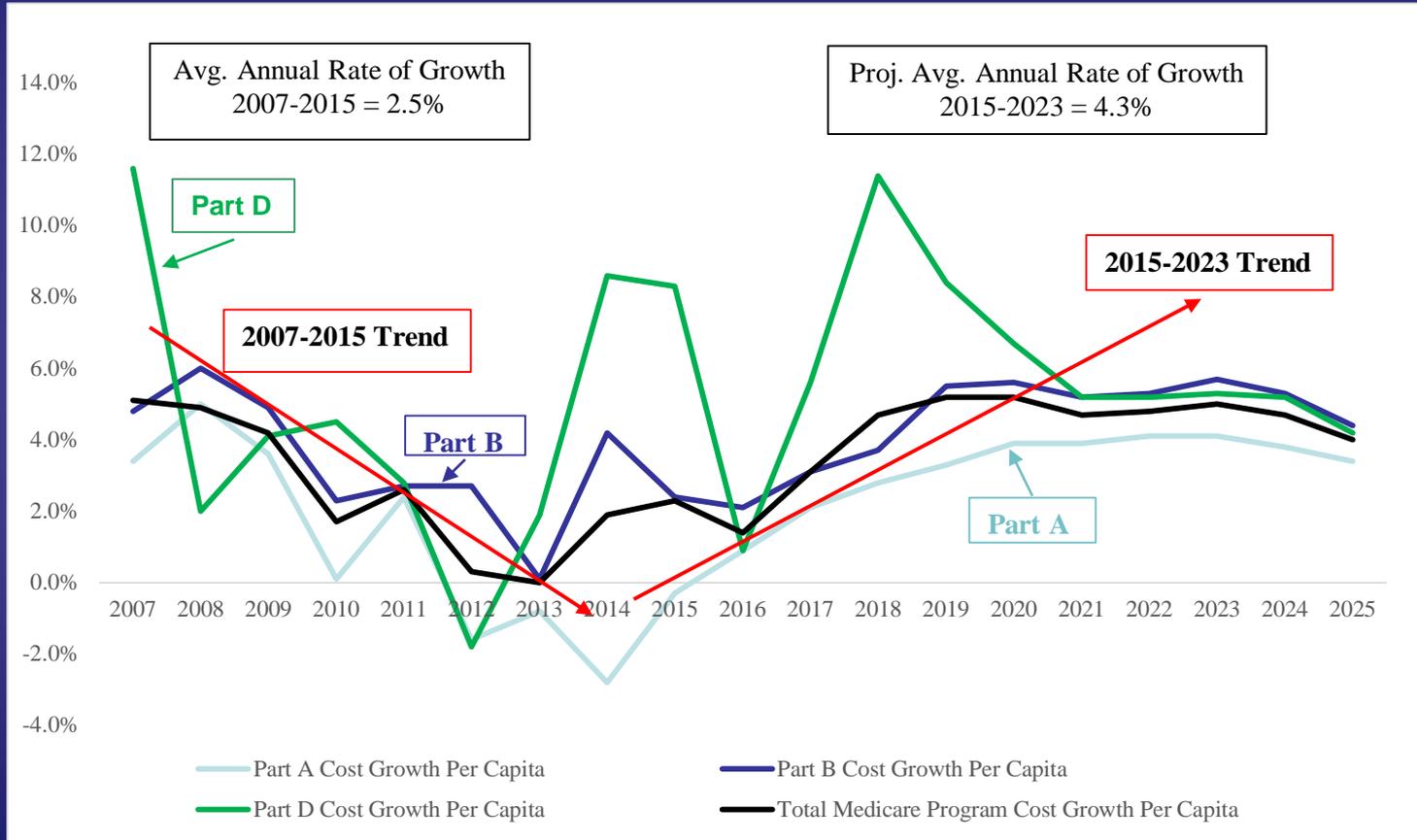
Source: Congressional Budget Office. January 2017.

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



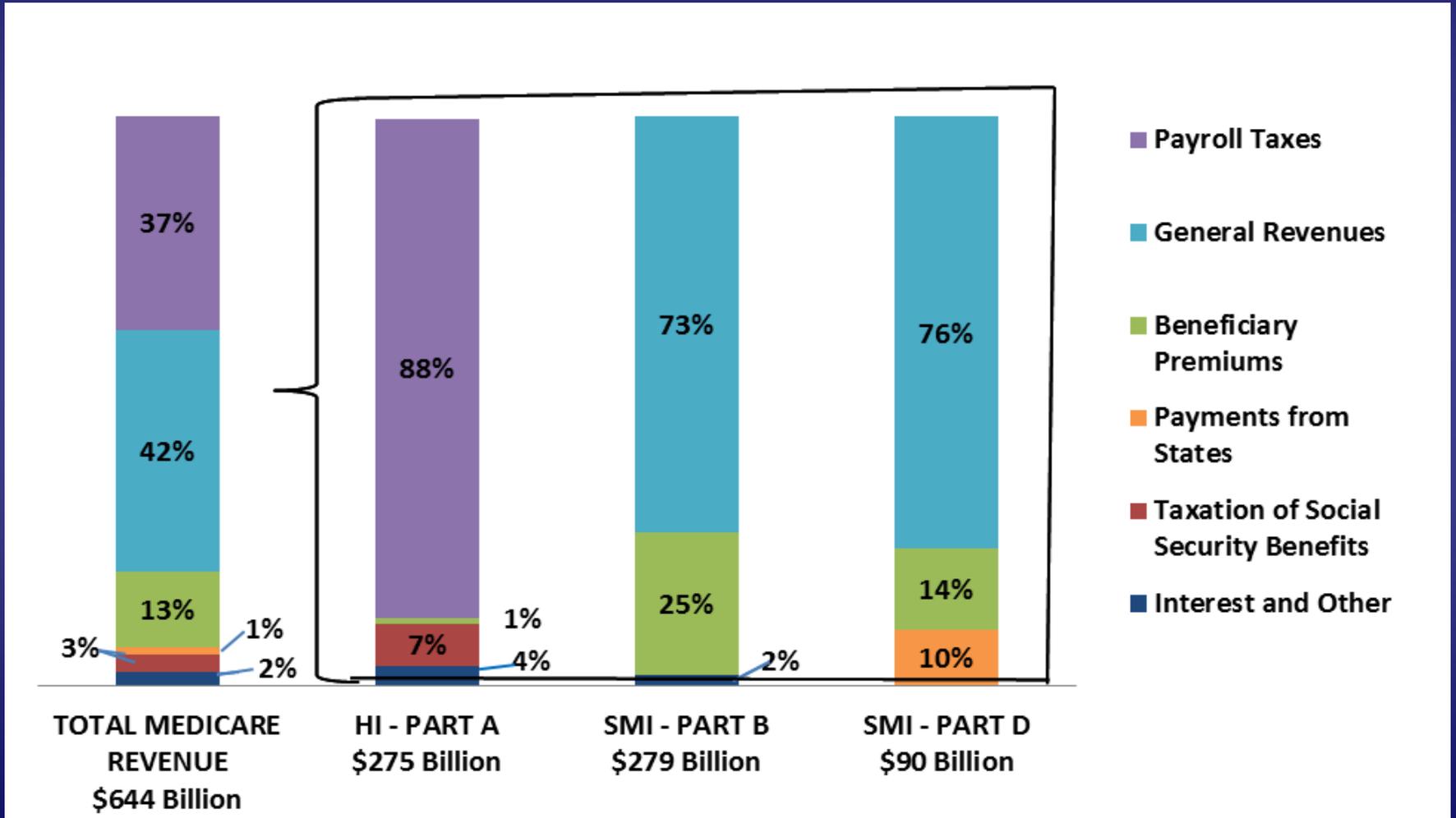
Source: CMS 2015

# 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.