

II. OVERVIEW

A. HIGHLIGHTS

The major findings of this report under the intermediate set of assumptions are summarized below. Each of these findings is described in more detail in the “Overview” and “Actuarial Analysis” sections.

In 2009

In 2009, 46.3 million people were covered by Medicare: 38.7 million aged 65 and older, and 7.6 million disabled. About 24 percent of beneficiaries have chosen to enroll in Part C private health plans that contract with Medicare to provide Part A and Part B health services. Total benefits paid in 2009 were \$502 billion. Income was \$508 billion, expenditures were \$509 billion, and assets held in special issue U.S. Treasury securities were \$381 billion.

Short-Range Results

The financial status of the HI trust fund is substantially improved by the lower expenditures and additional tax revenues instituted by the Affordable Care Act. These changes are estimated to postpone the exhaustion of HI trust fund assets from 2017 under the prior law to 2029 under current law and to 2028 under the alternative scenario. Despite this significant improvement, however, the fund is still not adequately financed over the next 10 years. HI expenditures have exceeded income annually since 2008 and are projected to continue doing so under current law through 2013. Beginning in 2014, trust fund surpluses are estimated to occur throughout the short-range projection period and for several years thereafter. The shortfalls projected for the next 4 years can be met by redeeming trust fund assets, which at the beginning of 2010 were \$304 billion, but the asset balance would fall below the Trustees’ recommended minimum level starting in 2012 under the intermediate assumptions. The HI trust fund has not met the Trustees’ formal test of short-range financial adequacy since 2003.

The SMI trust fund is adequately financed over the next 10 years and beyond because premium and general revenue income for Parts B and D are reset each year to match expected costs. However, further Congressional overrides of scheduled physician fee reductions, together with an existing “hold-harmless” provision restricting premium increases for most beneficiaries, could jeopardize Part B