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American Academy of Actuaries: Medicare's Financial Challenges Persist

WASHINGTON—An [analysis](#) of the recently released 2020 Medicare Trustees Report by the American Academy of Actuaries notes that the serious issues with Medicare's financial condition persist, a situation that if left unaddressed could shift growing financial burdens to future taxpayers and beneficiaries.

"The exhaustion date for the Hospital Insurance (HI) trust fund remains unchanged over last year's projection, drawing ever closer, while funding demands from premiums and general revenue for other parts of the program are also tracking upward," said Academy Senior Health Fellow Cori Uccello. "A big question in many peoples' minds—which the report acknowledges but does not address—is what effects the COVID-19 pandemic will have on Medicare's financial condition."

Key facts about the program's financial condition brought to light by the trustees' report include:

- The projected HI trust fund exhaustion date is 2026, unchanged from last year's Medicare Trustees Report.
- Supplementary Medical Insurance general revenue funding is scheduled to nearly double from 1.7 percent of gross domestic product (GDP) in 2020 to 3.1 percent in 2024.
- Under current law, Medicare expenditures as a percentage of GDP will grow from 3.7 percent of GDP in 2019 to 6.5 percent of GDP in 2024. However, under the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary's alternative scenario, total Medicare expenditures would increase to 8.6 percent of GDP in 2024.

Read the Academy's issue brief, [Medicare's Financial Condition: Beyond Actuarial Balance](#), and learn more about the Academy's health policy work online under the public policy tab at actuary.org.

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The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.