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# Issue Brief

FEDERAL ISSUE BRIEF



*Analysis provided for MHA by Larry Goldberg, Goldberg Consulting*

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## **Medicare Trustees Issue 2025 Report**

The Medicare Trustees have issued their 2025 Annual Report to Congress. The Social Security Act requires that the Board, among other duties, to report annually to the Congress on the financial and actuarial status of the Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds.

A copy of the 267-page document is available at:  
<https://www.cms.gov/oact/tr/2025>.

The expenditure projections reflect the cost-reduction provisions required under current law but not the payment reductions and/or delays that would result from the HI trust fund depletion, which is projected in this report to occur in 2033. At that point, HI revenues are projected to cover only 89 percent of incurred program costs.

In 2024, Medicare covered 67.6 million people: 60.3 million aged 65 and older, and 7.3 million disabled. About 50 percent of these 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 expenditures in 2024 were \$1,122.1 billion, and total income was \$1,133.3 billion, which consisted of \$1,122.3 billion in non-interest income and \$11.0 billion in interest earnings. This \$11.2 billion difference means assets held in special issue U.S. Treasury securities increased to \$407.9 billion.

The estimated depletion date for the HI trust fund is 2033, 3 years earlier than projected last year primarily due to the change in projected expenditures.

In 2024, HI income exceeded expenditures by \$28.7 billion. The Trustees project that surpluses will continue through 2027, followed by deficits until the trust fund becomes depleted in 2033. The assets were \$237.5 billion at the beginning of 2025, representing about 53 percent of expenditures projected for 2025, which is below the Trustees' minimum recommended level of 100 percent.

The SMI trust fund is expected to be adequately financed over the next 10 years and beyond because income from premiums and Federal Government contributions for Parts B and D are reset each year to cover expected costs and ensure a reserve for Part B contingencies. The monthly Part B premium for 2025 is \$185.00.

The following table reflects 2024 Medicare data.

**Medicare Data for Calendar Year 2024**

	SMI			Total
	HI or Part A	Part B	Part D	
Assets at end of 2023 (billions)	\$208.8	\$172.2	\$15.1	\$396.7
Total income	\$451.2	\$532.9	\$149.3	\$1,133.3
Payroll taxes	396.4	—	—	396.4
Interest	7.2	3.5	0.3	11.0
Taxation of benefits	39.8	—	—	39.8
Premiums	5.0	140.1	19.3	164.4
Government contributions	1.2	366.0	111.6	498.7
Payments from States	—	—	18.0	18.0
Other	1.6	3.2	0.2	5.0
Total expenditures	\$422.5	\$553.4	\$146.2	\$1,122.1
Benefits	416.3	547.8	145.7	1,109.8
Hospital	144.4	80.5	—	225.0
Skilled nursing facility	28.5	—	—	28.5
Home health care	5.9	10.0	—	15.9
Physician fee schedule services	—	71.4	—	71.4
Private health plans (Part C)	192.5	301.6	—	494.0
Prescription drugs	—	—	145.7	145.7
Other <sup>1</sup>	44.9	84.3	—	129.2
Administrative expenses	6.2	5.6	0.5	12.2
Net change in assets	\$28.7	-\$20.5	\$3.1	\$11.2
Assets at end of 2024	\$237.5	\$151.7	\$18.8	\$407.9
Enrollment (millions)				

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Aged	59.9	56.2	49.0	60.3
Disabled	7.3	6.8	6.2	7.3
Total	66.3	60.8	51.4	66.7
Average benefit per enrollee <sup>1</sup>	\$6,193	\$8,831	\$2,638	\$17,663 <sup>1</sup>

1. Calculated as the sum of the Part A, Part B, and Part D amounts.

Note: Totals do not necessarily equal the sums of rounded components.

As it has since 2004, the HI trust fund fails to meet the Board of Trustees' short-range test of financial adequacy. In addition, as in all past reports, the HI trust fund fails to meet the Trustees' long-range test of close actuarial balance.

### Comment

The Trustees do point out that Congress needs to act to keep the program solvent and the sooner it does so the better. They have been doing such for a number of year's but Congress has yet to act.

Considering the FY 2026 budget constraints, it is probably unlikely for Congress to address Medicare's long-term financial condition.

There are just so many ways to accomplish such. The major items include raising payroll taxes, raising the eligibility age for Medicare, and of course, limiting rates of increases to providers. Each has its own pros and cons.

And, of course next year are mid-term elections and touching either social security or Medicare are considered political suicide.

Finally, here we go again with assumptions and predictions which one must consider as best guesses. The Annual Trustees reports are based on projections from Secretary of the Treasury, Secretary of Labor, Secretary of Health and Human Services, and the Commissioner of Social Security. There are two vacant public trustee positions.

Considering those responsible for these reports, it seems strange that no solutions to solve the future deficits are forthcoming.

### Note

The material cited above is from the Medicare Trustees Report. There is also the Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds Report dealing with Social Security. A copy of that report is at: [www.socialsecurity.gov/OACT/TR/2025/](http://www.socialsecurity.gov/OACT/TR/2025/).