Fact Sheet

Savings Occurring from Slowdown in Medicare Spending

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Medicare Fiscal Outlook Has Improved Since 2009

Average annual growth in total Medicare spending was 4.1 percent between 2010 and 2015,1 down from 9.0 percent between 2000 and 2010.2 Most of Medicare’s current growth rate is due to 3 percent per year enrollment growth as the boomer generation reaches Medicare eligibility age.3

As a result, the 2016 Medicare Trustees’ Report concluded that the taxpayer-financed Part A Trust Fund will be solvent until 2028,4 11 years longer than projected in 2009.5

The spending slowdown has also been good for Medicare beneficiaries. It has helped keep the Medicare Part B premium for beneficiaries unchanged for three consecutive years (2013–15).6 Prior to that time, premiums were rising with spending under Part B.

Experts believe that the slowdown in Medicare spending growth is the result of a combination of factors, including more appropriate provider payments brought about by the Affordable Care Act, the 2008–09 recession, and slower adoption of new technologies in Medicare.7

Medicare Is More Efficient and Per Capita Growth Rates Are Declining

Growth in Medicare spending per beneficiary has declined as well. Average annual growth in spending per beneficiary was just 1.4 percent between 2010 and 2015,8 down from 7.3 percent between 2000 and 2010.

Further, in 2013, average Medicare spending per beneficiary was actually lower than it was in 2012.9 The slowdown in spending growth over time means that Medicare has become more efficient and is spending less than expected.

10-Year Medicare Spending Projections Have Fallen Dramatically Since 2009

In 2015, Medicare spending was nearly 11 percent lower than the Medicare Trustees’ Report projected in 2009. The 10-year spending estimates were also dramatically lower. The 2016 Medicare Trustees’ Report estimates that total Medicare spending from 2009 through 2018 will be $589 billion, or 8.8 percent, less than previous projections of $6.9 trillion10 (figure 1).
In addition, the 2016 report projects that Medicare spending per beneficiary will be 17.8 percent lower in 2018 than the Trustees had projected in their 2009 report\(^1\),\(^2\) (figure 2). These savings mean that taxpayers and beneficiaries are spending less than expected for Medicare services.

**FIGURE 2**
Projections of Medicare Spending per Beneficiary Have Dropped Dramatically since 2009


Long-Term Medicare Spending Trend Also Slowing

Over the long term, the slowdown in Medicare spending growth rates means that the Congressional Budget Office’s (CBO’s) projections of Medicare spending in 2039 are 29 percent lower than CBO projected just 7 years ago\(^3\) (figure 3).

**FIGURE 3**
Projections of Total Medicare Spending as a Percentage of GDP Have Dropped Dramatically since 2009


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2. The annual growth in total Medicare spending declined from 10.0 percent in 2001 to 3.2 percent in 2014. Although Medicare’s spending growth ticked up in 2015, it remains quite low by historical standards.
11. Medicare Trustees’ Report (2009), table VB1, 188.