

## Press Release



# New Center for Health & Economy Medicare Baseline Estimates

PAULINA ENCK | NOVEMBER 30, 2023

The American Action Forum's Center for Health and Economy (H&E) is dedicated to assessing the impact of proposed reforms to the entire health insurance market. To that end, H&E details the baseline of the Medicare market with a focus on Medicare insurance choices, federal budgetary impact, and the premium landscape of health insurance for Americans over the age of 65.

Key findings of the baseline:

- The Medicare market includes an estimated 62 million U.S. residents in 2023, with 14.2 million covered in the non-employer facilitated Medicare Advantage combined with a pharmacy benefit. The total size of the Medicare market is estimated to increase throughout the budget window, growing to 78 million in 2033.
- Significant growth is projected in the Medicare Advantage market from 14.2 million in 2023 to 20.0 million in 2033 – a 42 percent increase. At the same time, Medicare fee-for-service (FFS), combined with supplemental Medigap benefit, is projected to decrease from 1.1 million beneficiaries in 2023 to 1.0 million in 2033. FFS combined with Part D and Medigap will have the biggest decline from 9.3 million beneficiaries in 2023 to 8.5 million in 2033.
- Medicare program costs are expected to nearly double over the 10-year budget window, from \$1.046 trillion to \$2.098 trillion between 2023 and 2033. The health insurance Medicare coverage provisions under current law are estimated to have federal outlays of \$16.8 trillion from 2023 to 2033.
- Medicare premiums where Part D pharmacy benefits are included are the lowest for Medicare Advantage and Part D beneficiaries. The premium for this group is consistently lower than the beneficiaries choosing FFS and Part D for all 10 years estimated. Medicare premiums are the most expensive for those selecting FFS and Part D and Medigap supplemental insurance coverage.

[Read the baseline](#)