



THE FISCAL YEAR 2018 BUDGET: SUSTAINING MEDICARE AND MEDICAID

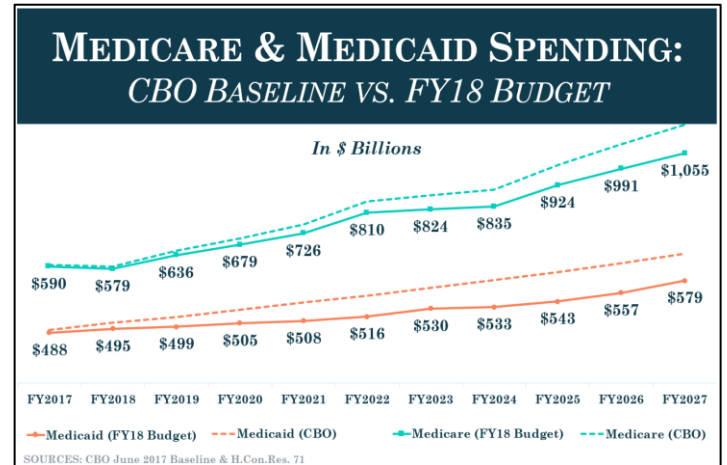
The final fiscal year 2018 budget resolution passed by the House last week (the Senate Amendment to H. Con. Res. 71) assumes future spending levels for the Federal Government’s health care programs, including Medicare and Medicaid. While the resolution does not dictate specific policy changes for these programs, it does envision general reforms that will ensure their sustainability for the future.

Strengthen Medicare for Current and Future Beneficiaries. Absent reform, Medicare’s Hospital Insurance [HI] Trust Fund will be insolvent by 2029, according to the Medicare trustees; the Congressional Budget Office is more pessimistic, projecting insolvency by 2025. At the date of insolvency, Medicare may only pay for Part A services equal to the amount of revenues available in the HI Trust Fund. That will cover just 88 percent of promised benefits, reducing beneficiary access to health care services. As costs continue to grow, the situation will worsen.

The budget resolution assumes \$579 billion in fiscal year 2018 for Medicare spending – \$10 billion higher than 2017 – and projects \$473 billion in savings over 10 years. These savings, along with structural reforms to the program, will help preserve Medicare for current and future beneficiaries. Inaction will not protect Medicare; it will only hasten the program’s demise.

Refocus Medicaid on the Most Vulnerable. For all non-Medicare health care spending – including Medicaid, spending related to the Affordable Care Act, and health research programs (such as those conducted by the National Institutes of Health) – the budget assumes \$5.3 trillion in mandatory outlays over the 10-year budget window. The projected fiscal year 2018 level is \$495 billion, \$6.7 billion higher than fiscal year 2017.

Medicaid is the single largest health care provider in the United States, covering 76 million of the Nation’s most vulnerable people. Congress must protect and reform this program to increase its chances for success. Medicaid must return to focusing on its traditional population – low-income children, the blind and disabled, the elderly, and pregnant women.



If Medicaid remains on its current trajectory, the program’s combined Federal and State spending will surge to \$1 trillion by the tenth year of the budget window. Medicaid patients often have a hard time accessing care at all, as fewer than one out of every two physicians now accepts Medicaid as a form of coverage. As the Affordable Care Act further expands Medicaid, the poorest Americans suffer. The fiscal year 2018 budget highlights the need for authorizing committees to reform Medicaid and refocus resources to improve care for the most vulnerable.

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