

The 2005 Medicare Trustees' Report

Robert D. Reischauer

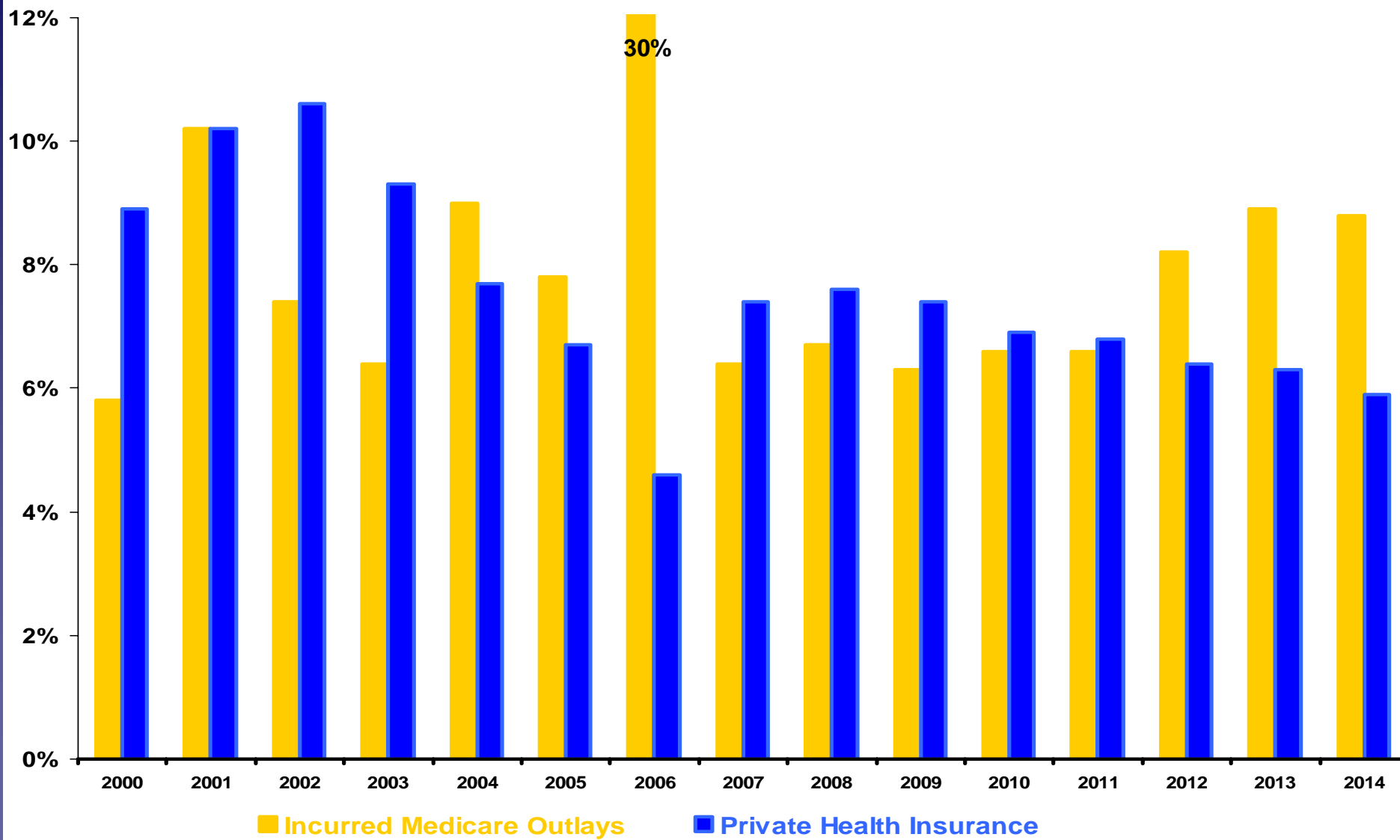
**American Enterprise Institute
March 25, 2005**

Putting the Long Run Fiscal Challenge in Perspective

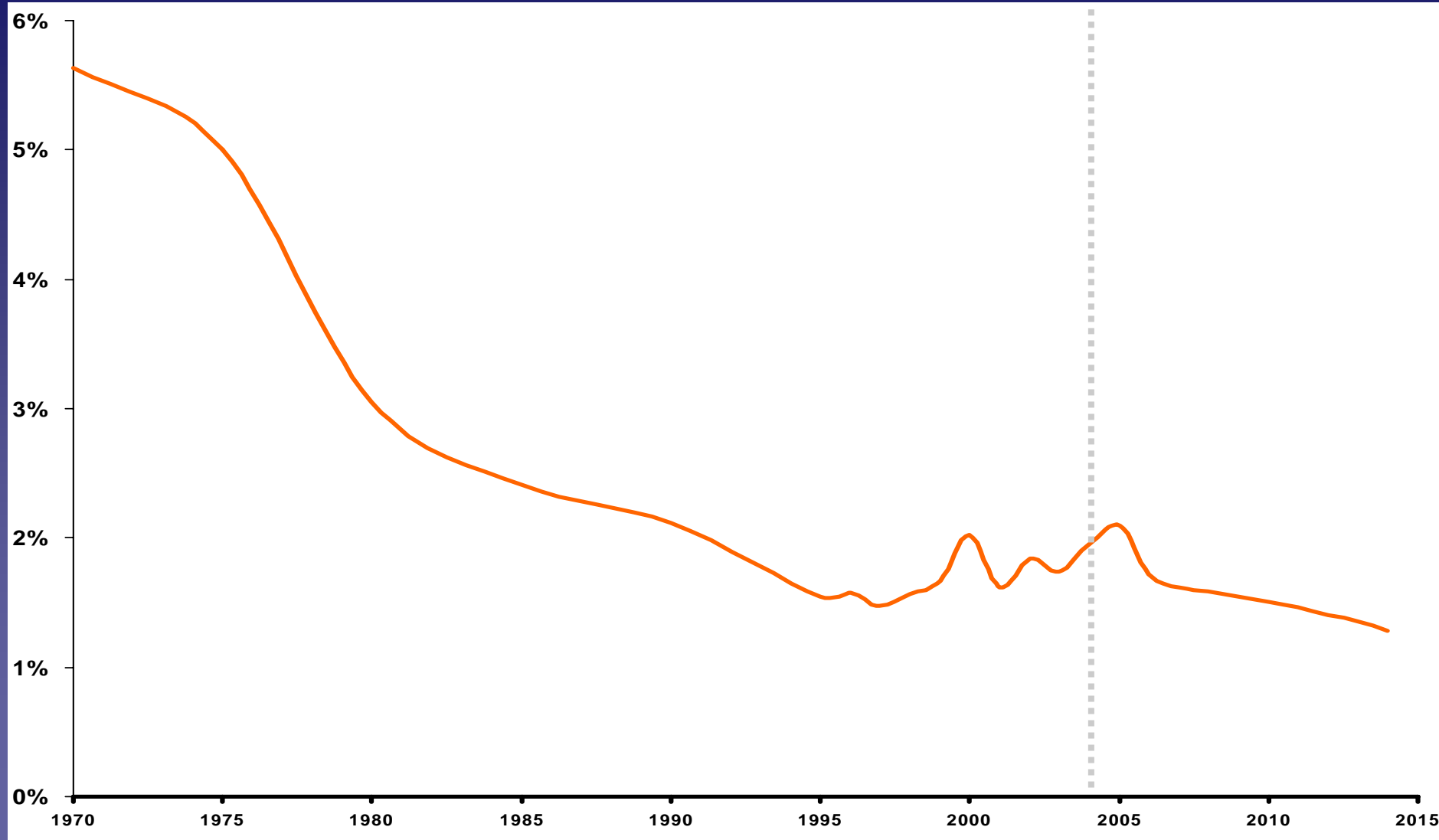
75 Year Fiscal Gaps (% GDP)

Extend 2001-3 Tax Cuts	2.0%
Medicare HI Shortfall	1.4%
Net Cost Medicare RX Benefit	1.4%
Social Security Shortfall	0.7%

Growth Rates of Medicare and Private Health Insurance Expenditures

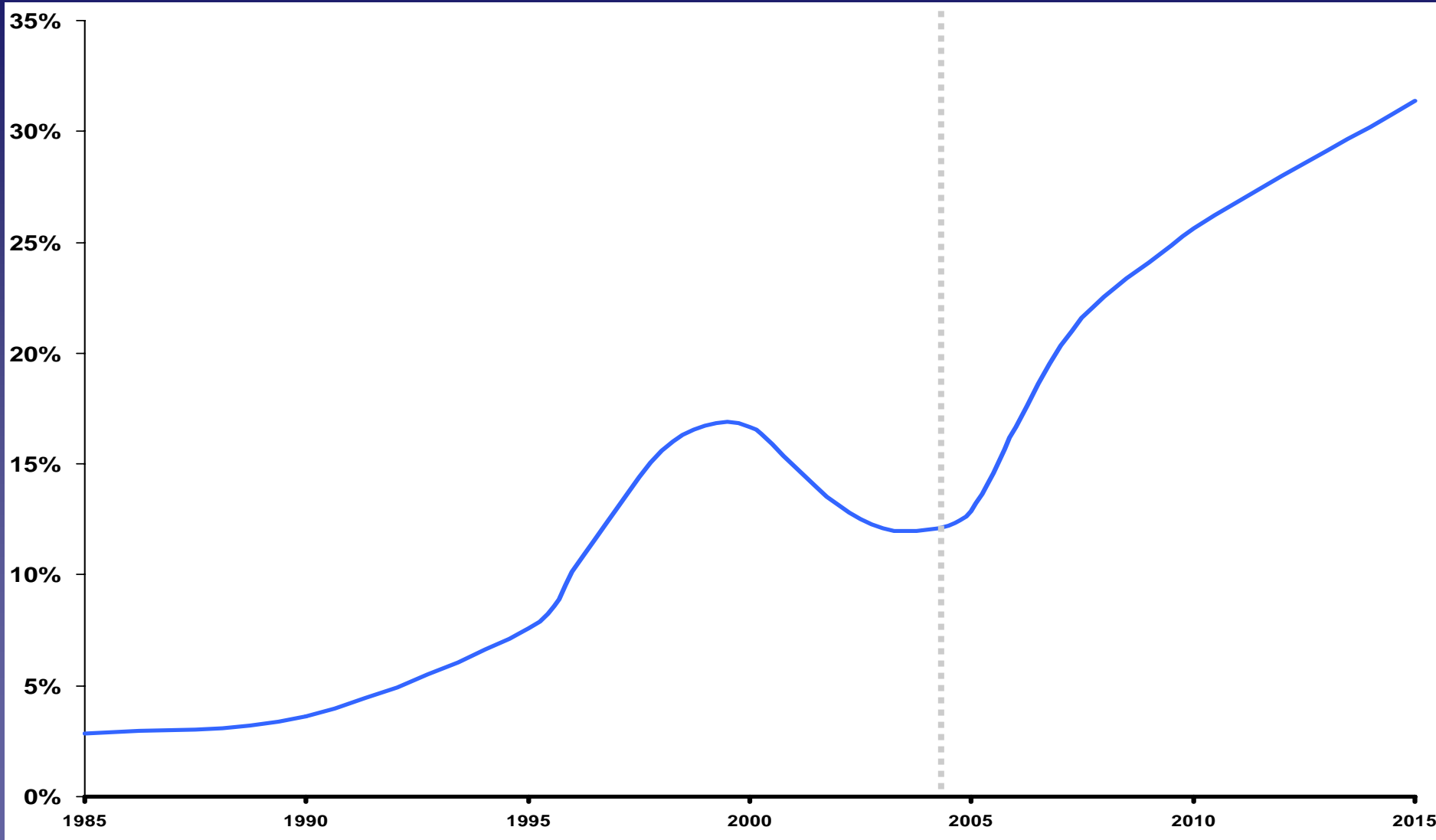


Administrative Costs as a Share of Benefit Payments



Medicare Advantage Enrollees

Percent of All Part B Enrollees

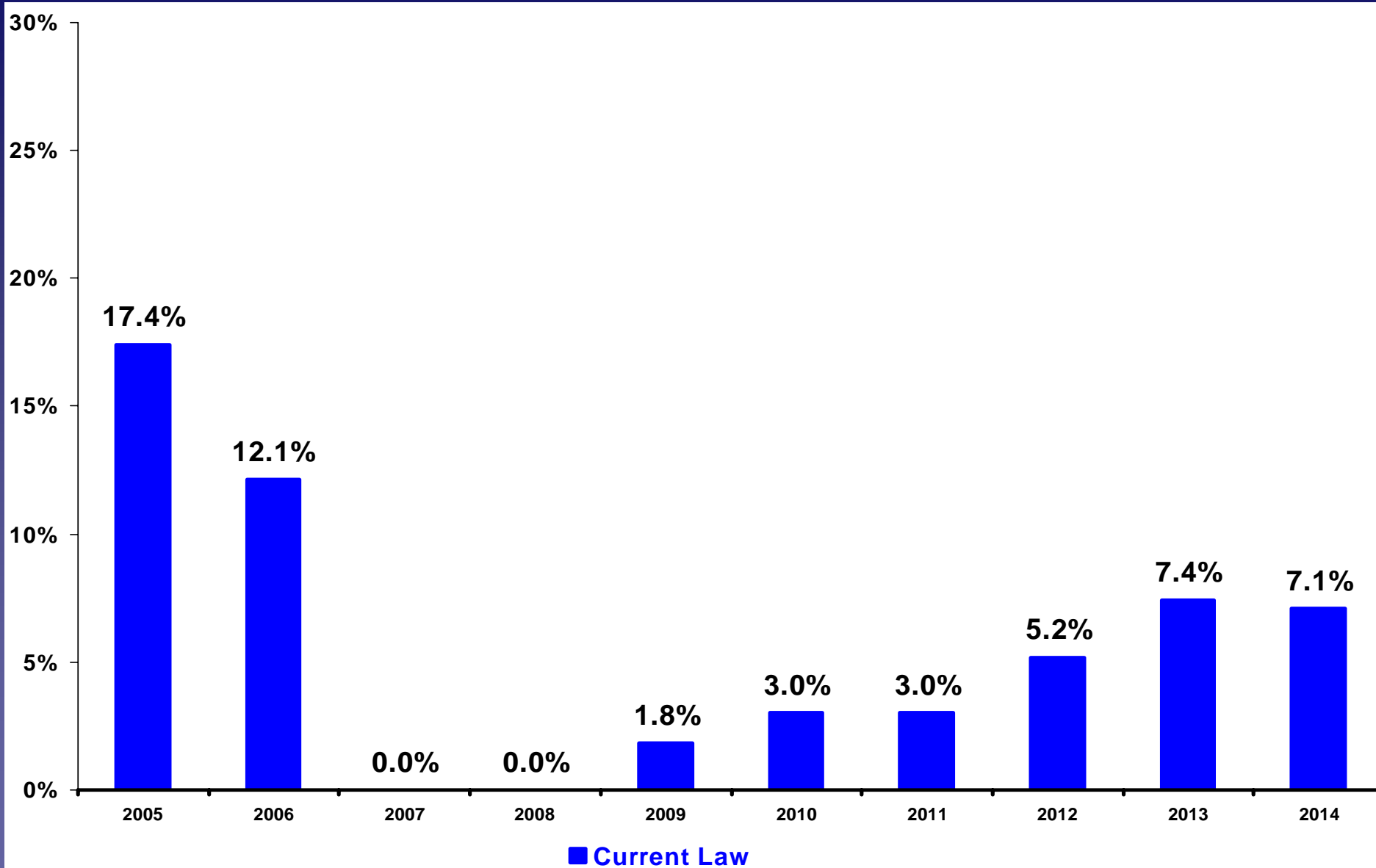


Medicare Premiums and Cost Shares as a % of Average Social Security Benefit (Age 65)

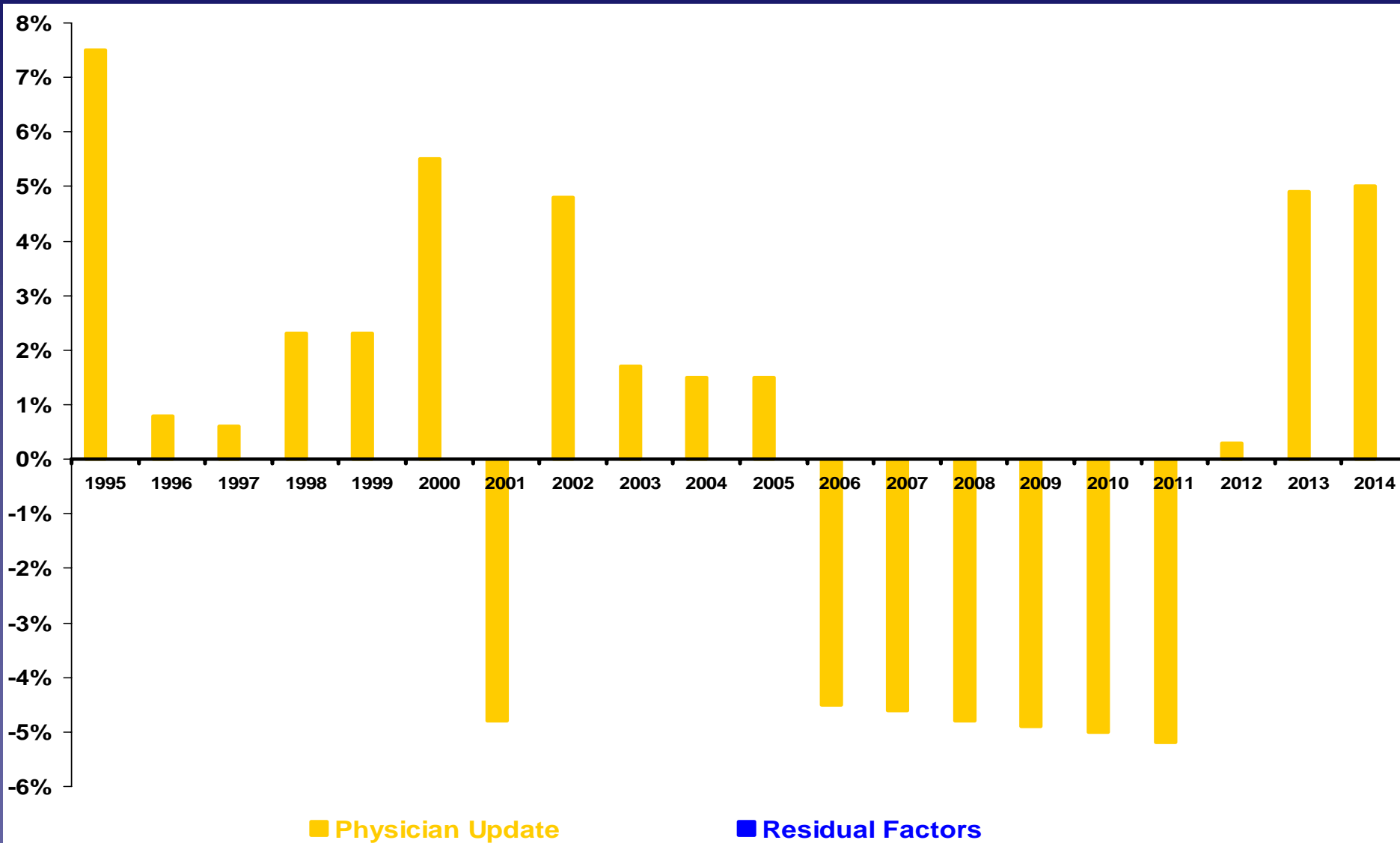
	<u>2004</u>	<u>2010</u>	<u>2025</u>
Premiums (Parts B & D)	7.6	13.4	17.7
Copayments (Parts B & D)	8.2	23.1	32.2
HI Cost Share	2.8	2.6	2.7
<hr/> Total	18.6	39.2	52.6

Source: OACT 2004

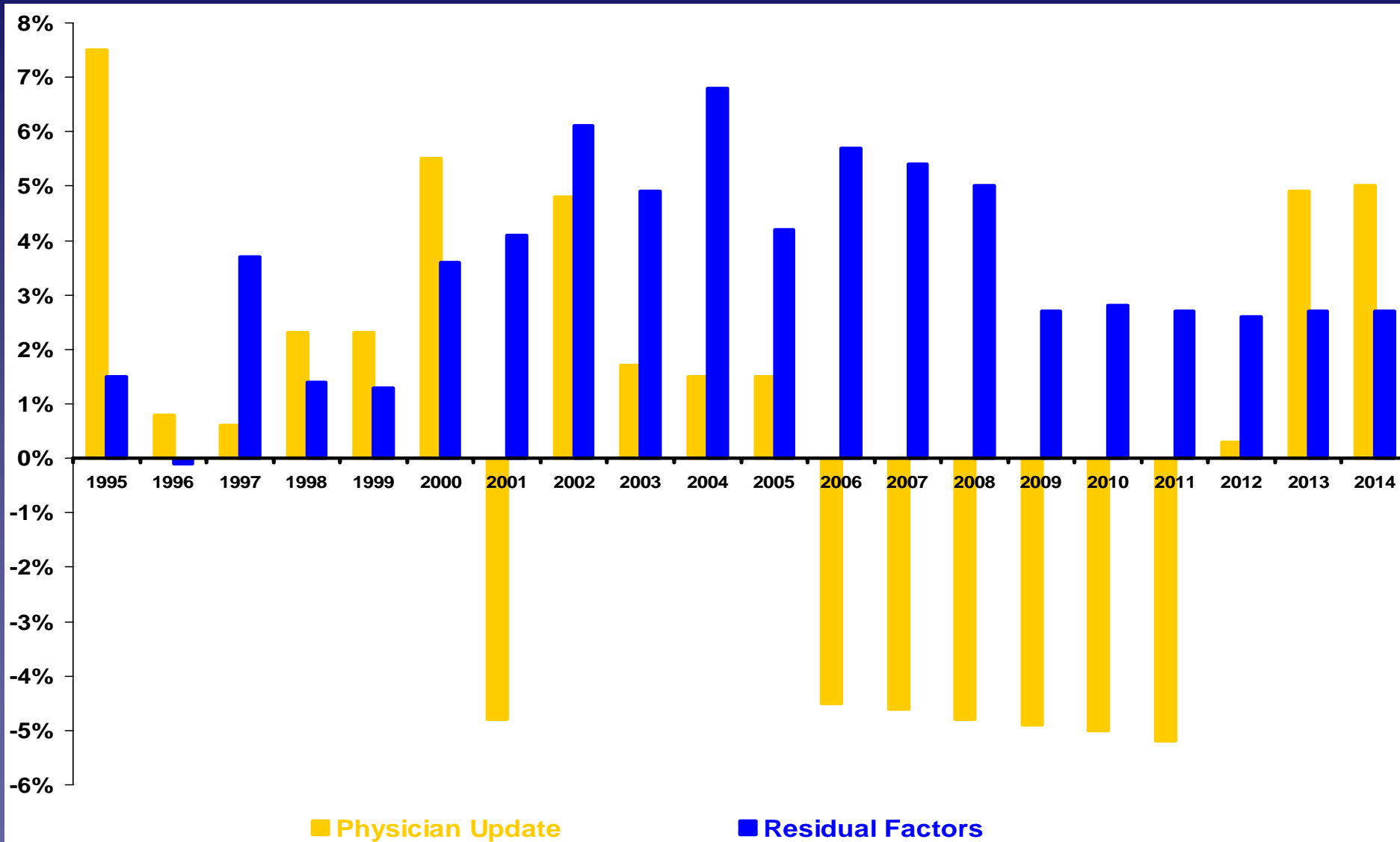
Percent Increases in Part B Premiums



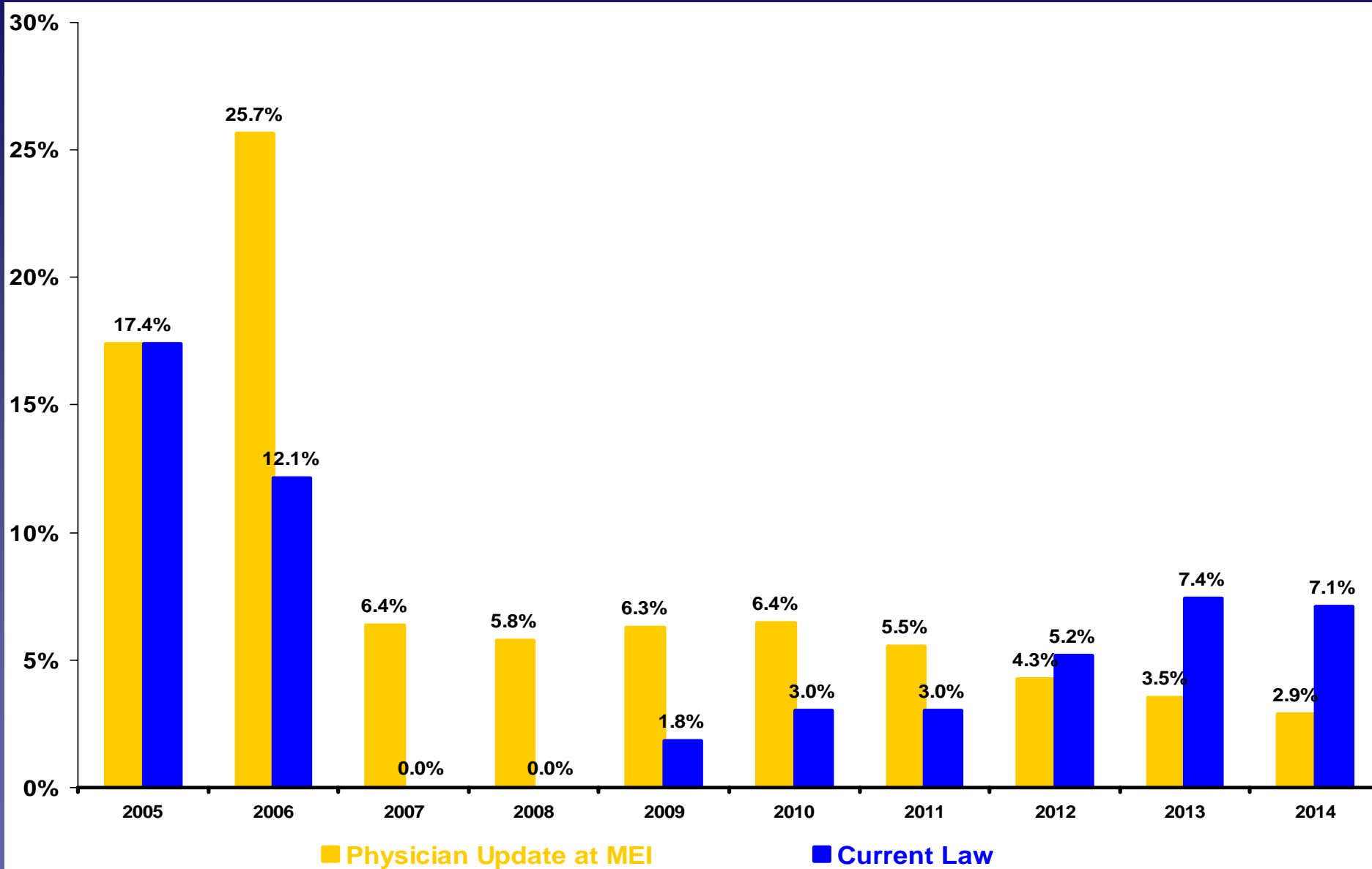
Physician Update and Residual Factors



Physician Update and Residual Factors



Percent Increases in Part B Premiums



The Medicare Funding Warning

ETA:	March 2007
Pres. Response:	February 2008
Cong. Action	June 2008

Q?: What else is happening in early 2008?

The End

