Financing, Solvency, and Out-of-Pocket Costs

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In 2019, about 88 percent of funds in the Medicare Hospital Insurance (Part A) Trust Fund were derived from payroll taxes.
Insolvency projections for the Medicare Hospital Insurance Trust Fund have varied over the years, with current estimates projecting insolvency in 2026.

Number of years until insolvency of the Medicare Hospital Insurance (Part A) Trust Fund

One-fifth of federal spending on Medicare in 2020 was associated with hospital inpatient care.

Note: Benefits are net of recoveries.
About half of traditional Medicare beneficiaries age 85 and older were medically underinsured in 2018.

Percentage of underinsured adults, traditional Medicare, 2018

- All: 27%
- Age <65: 39%
- Ages 65–74: 19%
- Ages 75–84: 28%
- Age ≥85: 46%

Note: Underinsured beneficiaries are those with annual out-of-pocket costs of 10 percent or more of income and low-income adults with income under 200 percent of the federal poverty level and annual out-of-pocket costs of 5 percent or more of income.
Nearly a third of Black beneficiaries and half of American Indian beneficiaries were underinsured in 2018.

Percentage of underinsured by race/ethnicity, traditional Medicare beneficiaries, 2018

Note: Underinsured beneficiaries are those with annual out-of-pocket costs of 10 percent or more of income and low-income adults with income under 200 percent of the federal poverty level and annual out-of-pocket costs of 5 percent or more of income.
On average, beneficiaries spend $3,403 out-of-pocket on copayments and for services not covered by Medicare every year.