Fact Sheet: 2023 Social Security and Medicare Trustees Reports

The Trustees of the Social Security and Medicare trust funds report on the current and projected financial status of the two programs each year. This document summarizes the findings of the 2023 reports. As in prior years, we found that the Social Security and Medicare programs both continue to face significant financing issues.

Based on our best estimates, this year's reports show that:

- The Hospital Insurance (HI) Trust Fund will be able to pay 100 percent of total scheduled benefits until 2031, 3 years later than reported last year. At that point, that fund's reserves will become depleted and continuing program income will be sufficient to pay 89 percent of total scheduled benefits.

- The Old-Age and Survivors Insurance (OASI) Trust Fund will be able to pay 100 percent of total scheduled benefits until 2033, 1 year earlier than reported last year. At that time, that fund's reserves will become depleted and continuing program income will be sufficient to pay 77 percent of total scheduled benefits.

- The Disability Insurance (DI) Trust Fund is projected to be able to pay 100 percent of total scheduled benefits through at least 2097, the last year of this report's projection period. By comparison, last year's report projected that the DI Trust Fund would be able to pay scheduled benefits through at least 2096, the last year of that report's projection period.

- If the OASI Trust Fund and the DI Trust Fund projections are added together, the resulting projected fund (designated OASDI) would be able to pay 100 percent of total scheduled benefits until 2034, 1 year earlier than reported last year. At that time, the projected fund's reserves would become depleted, and continuing total fund income would be sufficient to pay 80 percent of scheduled benefits. (The two funds could not actually be combined unless there were a change in the law, but the combined projection of the two funds is frequently used to indicate the overall status of the Social Security program.)

- The Supplementary Medical Insurance (SMI) Trust Fund is adequately financed into the indefinite future because, unlike the other trust funds, its main financing sources -- premiums on enrolled beneficiaries and federal contributions from the Treasury -- are automatically adjusted each year to cover costs for the upcoming year. Although the financing is assured, the rapidly rising SMI costs have been placing steadily increasing demands on beneficiaries and general taxpayers.

Since last year's reports, projected long-term finances of the OASI and the OASDI Trust Funds worsened due to the Trustees revising down the expected levels of gross domestic product (GDP) and labor productivity by about 3 percent over the projection window. The Trustees made this change as they reassessed their expectations for the economy in light of recent developments, including updated data on inflation and U.S. economic output.

Despite the downward revision to economic assumptions, the projected long-term finances of the HI Trust Fund improved since last year's report. The improvement is mainly due to lower projected health-care spending stemming from updated analysis that uses more recent data.

SMI Trust Fund expenditures for Medicare Part B as a share of GDP are also projected to be lower than previously estimated in part for the same reason. In addition, expenditures on drugs under SMI in Medicare Parts B and D are projected to be markedly lower as a share of GDP due to the impact of provisions of the Inflation Reduction Act, which became law in August 2022.

Lawmakers have many options for changes that would reduce or eliminate the long-term financing shortfalls. We urge Congress to consider such options for both Medicare and Social Security, like the proposal for Medicare in the President's FY24 Budget. With each year that lawmakers do not act, the public has less time to prepare for the changes.