

The 2026 Medicare Trustees Report, Decoded: a 2033 Part A Cliff, a \$4.2T Hospital Insurance Hole, GLP-1 & Skin Substitute Sticker Shock & the 9th Straight Funding Warning Nobody Plans to Fix

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The 2026 Medicare Trustees Report, Decoded: a 2033 Part A Cliff, a \$4.2T Hospital Insurance Hole, GLP-1 & Skin-Substitute Sticker Shock & the 9th Straight Funding Warning Nobody Plans to Fix

The 2026 Medicare Trustees Report is out. Nine pages into the abstract, the number that matters most: a \$4.2 trillion unfunded obligation in the hospital fund alone. Here is what shifted this year and why it matters...

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Abstract

- 61st Trustees Report. Released June 9, 2026. 271 pages. Core verdict unchanged: Medicare is short on money and the bill is being deferred.
- HI (Part A) trust fund now depletes Q2 2033, one quarter earlier than the 2025 report. At depletion, dedicated revenue covers 89 percent of scheduled benefits, drifting up to 93 percent by 2100.
- 75-year HI actuarial deficit widened to 0.56 percent of taxable payroll, up from 0.42 percent last year. Open-group unfunded obligation for HI: \$4.2 trillion present value.
- The instant-fix menu: hike the 2.90 percent HI payroll tax to 3.46 percent to pay for or cut all HI benefits 12.0 percent today. Wait until 2033 and the same math on fewer years and fewer people.
- SMI (Parts B and D) is always “adequately financed” by design because premiums and general revenue reset every year. Part B premium jumped from \$174.70 to \$202.90 for 2026, roughly a 16.1 percent move.
- Part B projected to grow 8.5 percent a year and Part D 9.4 percent a year through 2030, against 4.0 percent GDP growth. That gap is the actual story.
- Part D blew past last year’s projection on GLP-1 and specialty utilization. Sales of drug substitutes went from about \$0.4B in 2019 to roughly \$14.1B in 2024–2025-equivalent levels before a 2026 rule that CMS expects will cut spending on those products by nearly 90 percent.
- Ninth consecutive Medicare funding warning, tenth consecutive excess-general revenue determination. Total Medicare hits 3.9 percent of GDP in 2025, 6.5 percent in 2030.

percent by 2050, 7.5 percent by 2100 under current law, and 9.8 percent by 2100 under the illustrative alternative.

The whole thing in one paragraph, for the skimmers

Here is the short version before anyone has to scroll. Medicare covered 69.3 million people in 2025, ran \$1,210.1 billion out the door, took \$1,226.2 billion in, and is structurally underwater because the two halves of the program are funded in completely different ways and only one of them is allowed to run out of cash. The hospital fund, Part A, is the one with a countdown clock, and that clock now reaches the second quarter of 2033, a quarter sooner than last year. When it hits zero, the law says payments drop to whatever payroll taxes and premiums can cover that year, which works out to 89 cents on every benefit dollar. The doctor-and-drug fund, Parts B and D, never hits zero because Congress wired it to refill itself from general revenue beneficiary premiums every single year, which sounds like good news and is actually the part that should keep budget people up at night, because it means an unlimited claim on the Treasury that grows about twice as fast as the economy. The new wrinkles this year are mostly on the drug side, where GLP-1s and specialty medicines pushed Part D well past last year's forecast, and one strange little category called oral injectables that ballooned roughly fortyfold in about five years before regulators finally noticed. Everything else is the same movie on repeat: a funding warning for the ninth year running, a tax-or-cut fix that gets cheaper the sooner anyone acts, and a Congress that has shown zero appetite to act.



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