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Biden Unveils Fiscal 2024 Budget Plan That Includes Academy Priorities of Medicare, Social Security Funding

President Biden today debuted his budget plan for fiscal year (FY) 2024, which outlines the administration's spending priorities. They include improving the solvency of Medicare and Social Security for the FY beginning Oct. 1.

The Biden administration laid out proposed funding changes for Medicare earlier in the week, unveiling a proposal to extend the life of the Medicare Trust Fund for upward of 25 years. It would do so by:

- Increasing the Medicare tax rate on earned and unearned income above $400,000 from 3.8% to 5%.
- Closing loopholes for some high-income earners and business owners that shielded them from paying Medicare taxes and dedicating the Medicare net investment income tax to Medicare's Hospital Insurance (HI) Trust Fund.
- Crediting some $200 billion in savings over 10 years from prescription drug reforms to the HI Trust Fund.

Biden also called for lowering costs for Medicare recipients by reducing out-of-pocket costs for drugs subject to negotiation; capping Medicare Part D cost-sharing on certain generic drugs at $2 per prescription per month; and lowering behavioral health care costs.

Meanwhile, on Social Security, the administration committed to protecting and strengthening Social Security, but offered few details.

The budget invests in staff, information technology, and other improvements at the Social Security Administration (SSA), providing an increase of $1.4 billion—a 10% increase—over the 2023 enacted level. These funds would improve customer service at SSA field offices, state disability determination services, and teleservice centers for retirees, individuals with disabilities, and their families.

The future of the president's budget blueprint is uncertain.

If you have any questions regarding this ***Academy Alert***, please contact Ted Gotsch, content and publications senior analyst, by email (gotsch@actuary.org) or by telephone (202-785-6930).