This week, Mercatus Center Senior Research Fellow Veronique de Rugy uses data from the 2011 Trustees Report and Congressional Budget Office to show Medicare enrollment and costs over time.

Between 1975 and 2010, the number of Medicare enrollees doubled to 47 million, and the real cost per enrollee quintupled (in 2005 dollars). Based on these projections, by 2040 Medicare will cover 88 million people and the cost will be nearly two times higher than in 2010.

Payroll tax revenue and premiums aren’t keeping pace with Medicare’s increasing costs – especially when expected enrollees in the program surge as the population ages and grows. This chart shows medical enrollment for the aged and disabled having grown nearly four-fold since 1975

With enrollment estimates growing by a third and spending per enrollee jumping by 50% in the next decade (estimated by the Congressional Budget Office), the maintenance of Medicare finance may well require significant changes.

As Medicare spending continues to outpace economic growth, Medicare will increasingly squeeze out all other budget items. Therefore, Medicare costs will continue to rise and take increasingly bigger bites out of the federal budget if this trend persists.

Veronique de Rugy blogs about why Medicare will cost more than expected at The Corner

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