



**Office of the Actuary**

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**DATE:** January 18, 2011

**FROM:** Richard S. Foster

**TO:** Representative Pete Stark  
Ranking Minority Member  
Subcommittee on Health  
Committee on Ways and Means  
U.S. House of Representatives

**SUBJECT:** Estimated Effect of Repeal of the Affordable Care Act on the Exhaustion of the Medicare Hospital Insurance Trust Fund

This memorandum is in response to your request for an estimate of the effect on the Medicare Hospital Insurance (HI) trust fund if the Affordable Care Act<sup>1</sup> were repealed.

As you know, based on our projections for the Affordable Care Act and for the 2010 Medicare Trustees Report, we estimated that this legislation would postpone the exhaustion of the HI trust fund by 12 years, from 2017 to 2029. Accordingly, if the Affordable Care Act were repealed in its entirety, the estimated exhaustion date would advance by 12 years.

Certain of the provisions of the Affordable Care Act have already taken effect. For example, the reduced Medicare payment rates for inpatient hospital admissions in hospital fiscal years 2010 and 2011 have been implemented. If the Act were repealed prospectively—that is, without changing any provisions that have already taken effect—then the HI exhaustion date would advance by slightly less than the 12 years indicated above.

Further information on the financial effects of the Affordable Care Act on the HI trust fund is available in my memorandum of April 22, 2010, “Estimated Financial Effects of the ‘Patient Protection and Affordable Care Act,’ as Amended” and in *The 2010 Annual Report of the Medicare Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*. These documents are available on the CMS website at <http://www.cms.gov/ActuarialStudies/>.

Please let us know if you have any questions about this information.

  
Richard S. Foster, F.S.A.  
Chief Actuary

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<sup>1</sup> The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010.