



Written by [Rebecca Terrell](#) on August 29, 2026

Interest on the National Debt Set to Eclipse Medicare Spending by 2028

According to the Congressional Budget Office's (CBO) long-term projections, interest payments on the national debt are set to exceed Medicare spending by fiscal year 2028, and the trajectory continues beyond that point.

Through the first seven months of fiscal 2026, the Treasury paid \$628 billion in net interest, more than gross spending on Medicare (\$588 billion) or Medicaid (\$409 billion) over the same period. That works out to roughly \$23.8 billion a week, or about \$3 billion a day, spent purely to service past borrowing before a single dollar goes toward defense, healthcare, education, or infrastructure. Currently, only Social Security spending outpaces net interest. Measured "net of offsetting receipts," the crossover with Medicare (the figure CBO uses for its official comparisons) lands at 2028, though on a gross basis the two are already essentially neck-and-neck.



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CBO Projections

CBO projects interest payments will grow from \$1.0 trillion (3.3 percent of GDP) in 2026 to \$2.1 trillion (4.6 percent of GDP) by 2036, and to \$6.6 trillion (6.9 percent of GDP) by 2056: a 538-percent increase over three decades. Interest is already growing faster than any other major budget category, and CBO projects it will overtake combined defense and non-defense discretionary spending by 2038 and become the single largest line item in the entire federal budget by 2048. Zoom out further, and the cumulative interest bill over the next 30 years comes to an estimated \$99 trillion.

Debt held by the public stood at 99 percent of GDP at the end of 2025; absent a change in law, CBO projects that ratio will climb to 175 percent of GDP by 2056. Meanwhile, the entitlement programs that interest payments are set to overtake aren't shrinking to make room. Medicare spending alone is projected to rise from 3.4 percent of GDP in 2027 to 4.2 percent by 2036, and Social Security's Old-Age and Survivors Insurance trust fund is projected to be exhausted by 2032, with an automatic benefit cut set to follow.

Not Inevitable

None of this is inevitable, strictly speaking; it reflects current law and current spending trajectories, both of which Congress could alter. Analysts note two mitigating historical facts: U.S. debt-to-GDP was



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higher immediately after World War II yet the country eventually grew its way down from that peak, and the dollar's reserve-currency status still lets Washington borrow more cheaply than any other government.

But relying on a repeat of the postwar boom is unrealistic, given the fact that America's manufacturing dominance was based on a world that was covered in dust and debris from the largest war in human history. Under these conditions, the United States, as the one major industrialized country untouched by war, was so dominant in creating manufactured products for the international market that the American percentage of finished goods was 60 percent in 1950, according to economist Ha-Joon Chang. For reference, although Chinese manufacturing is dominant today, as of 2026, China produces between 28 to 30 percent of the world's goods.

So to posit that the United States (which today only accounts for 16 percent of the world's manufactured goods) can eke itself out from under the debt, as it did after World War II, is a gamble, not a plan. Since the 1970s, America's elites have done everything in their power to shrink U.S. global manufacturing dominance, thus depriving the United States of a critical instrument in its economic toolbox.

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