

Unsustainable Health Care Spending: Sound Policy Solutions

Altarum Institute

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G. William Hoagland
Bipartisan Policy Center

Budget Outlook

FY 2012 – 2028

(In Billions of Dollars – % of GDP)

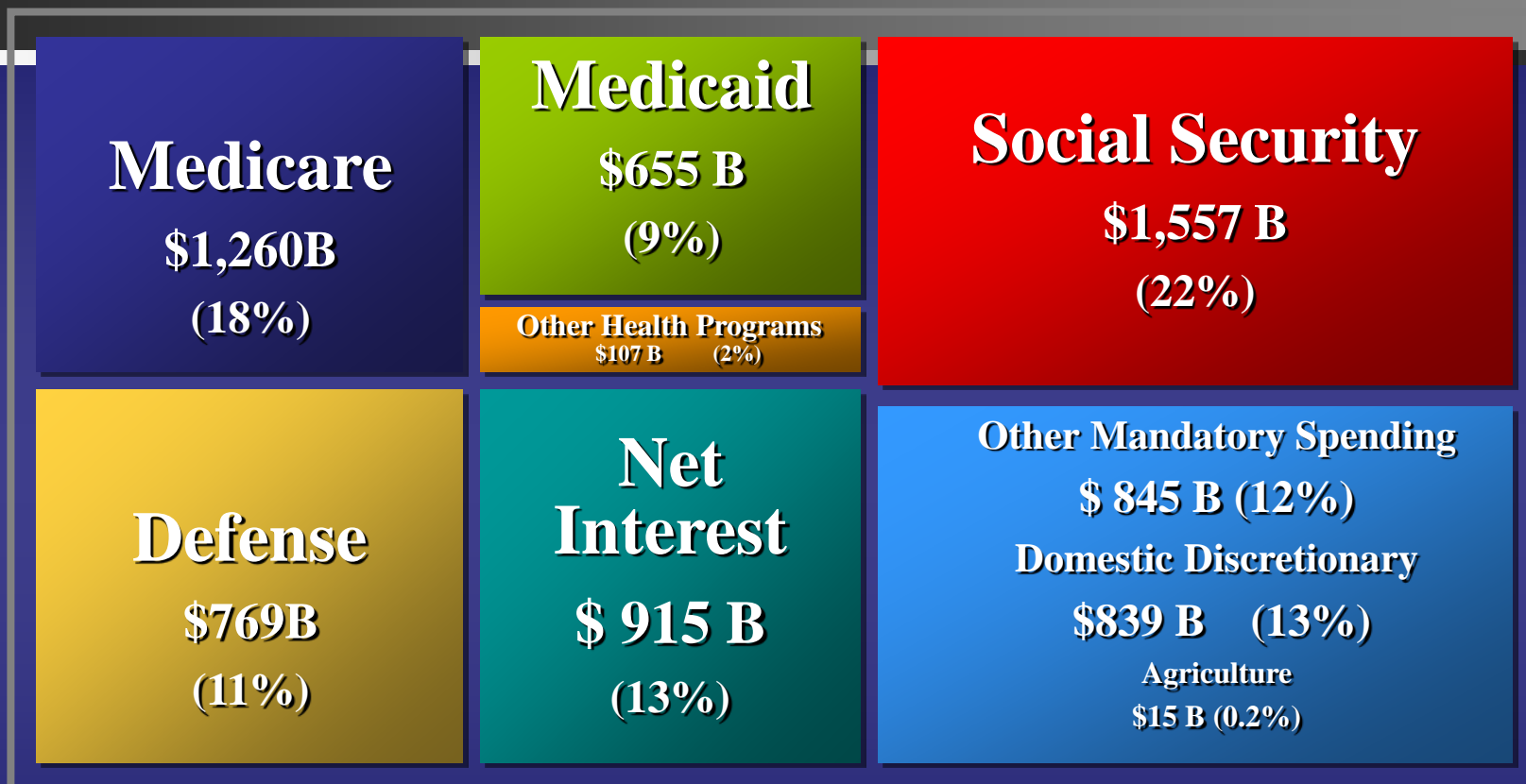
	2012 Actual	2016 Actual	2017 Actual	2018	2019	...2028	% Δ annual 2018-2028
Receipts	2,450	3,267	3,316	3,338	3,490	5,520	+ 5.1%
Spending	3,537	3,853	3,982	4,142	4,470	7,406	+ 6.0%
Deficits	1,087	585	665	804	981	1,526	+6.6%
% of GDP	6.8%	3.2%	3.5%	4.2%	4.6%	4.8%	NA
Public Debt	11,281	14,168	14,665	15,688	16,762	28,671	+ 6.2%
% GDP	73%	77%	77%	78%	79%	96%	
Debt Subject Limit	16,027	19,538	20,206	21,375	22,546	33,851	+4.7%
% GDP	100%	106%	105%	106%	107%	114%	

CBO estimate of nominal GDP growth increase 3.9% annually 2018-2028.

Source: Congressional Budget Office, An Update to the Budget and Economic Outlook 2018-2028, April 2018.

Federal Spending Projected for 2028

\$7,046 billion

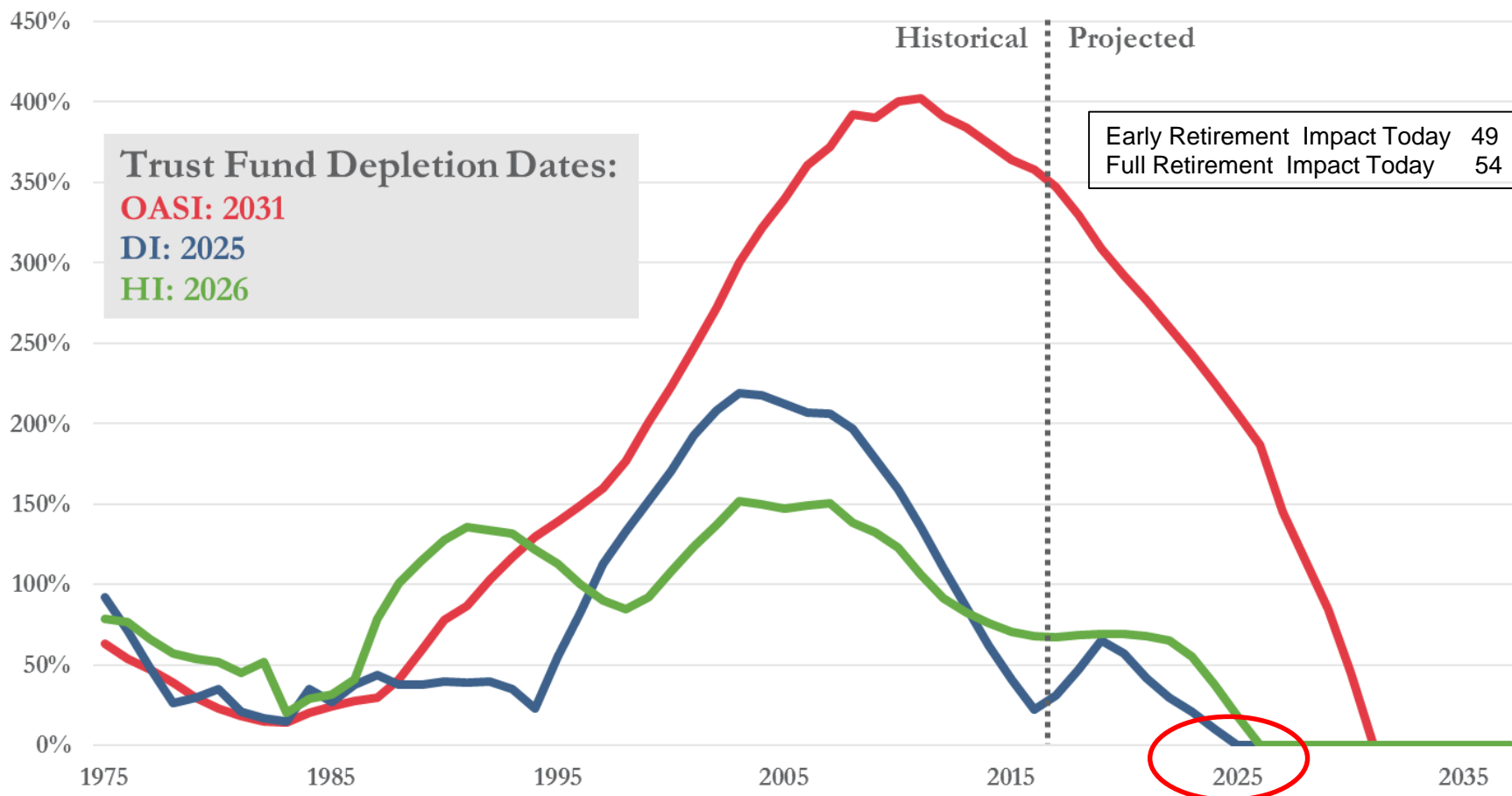


“Other Health Programs” includes: Health insurance subsidies, exchanges, and related spending; Department of Defense Medicare-Eligible Retiree Health Care Fund (including TRICARE for Life); Children’s Health Insurance Program, and other programs.

Source: The Congressional Budget Office. The Budget and Economic Outlook: Fiscal Years 2018 to 2027, April 2018.

Trust Funds Cannot Fully Fund Scheduled Benefits

Trust Fund Ratios



Source: Social Security and Medicare Trustees' Reports, Congressional Budget Office

Health Care Grows Faster than the Economy

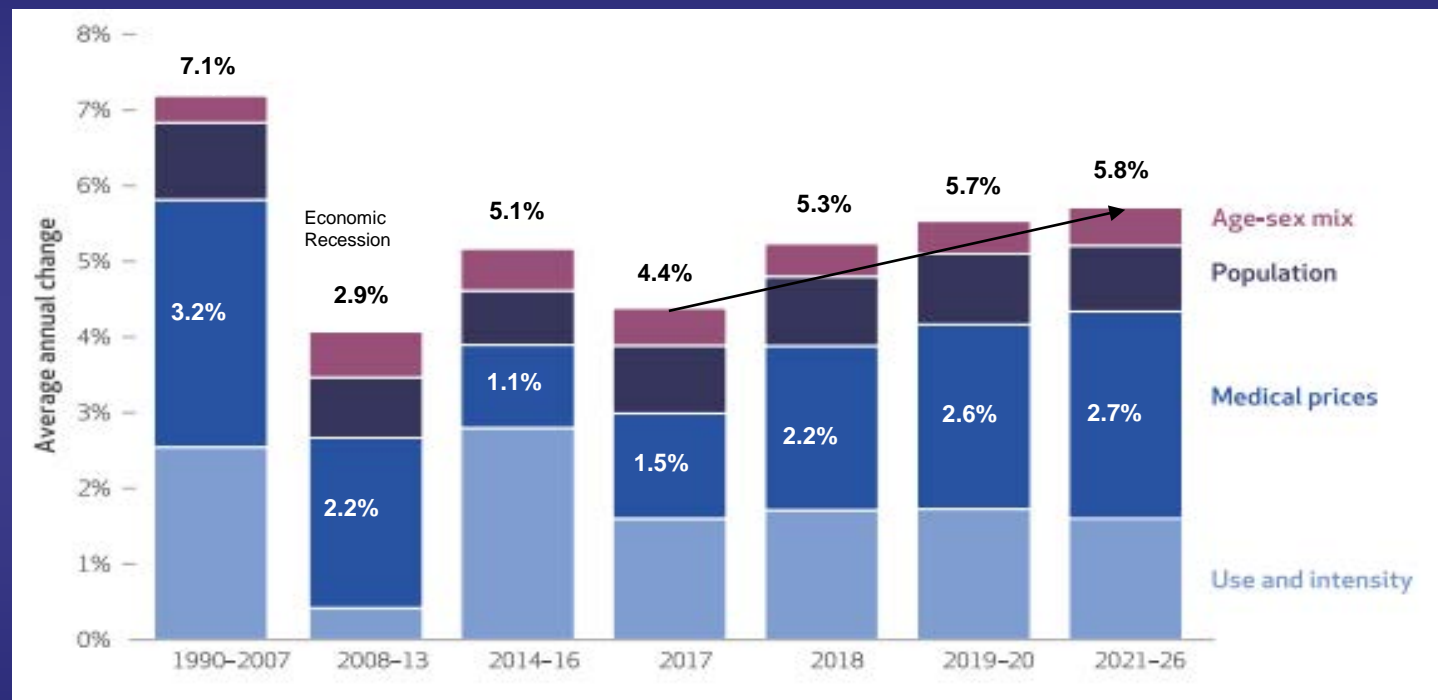
(\$ in billions)

	<i>2017</i>	<i>2018</i>	<i>2028</i>	<i>Avg. Annual Growth 2018-2028</i>
Medicare	702	707	1,521	8.0%
Medicare Offsetting Receipts	-111	-124	-261	7.7%
Medicaid	375	383	655	5.5%
Health Insurance Subsidies	48	58	91	4.6%
Children's Health Insurance Program	16	16	16	-- %
Total Major Health Care	1,030	1,040	2,022	6.8%
Total Federal Mandatory Spending	2,519	2,546	4,524	5.9%
Health Care as % Total Mandatory	41%	41%	45%	---

Nominal GDP projected to increase 4.0% annually over the decade.

Factors Accounting for Growth in per capita Health Expenditures

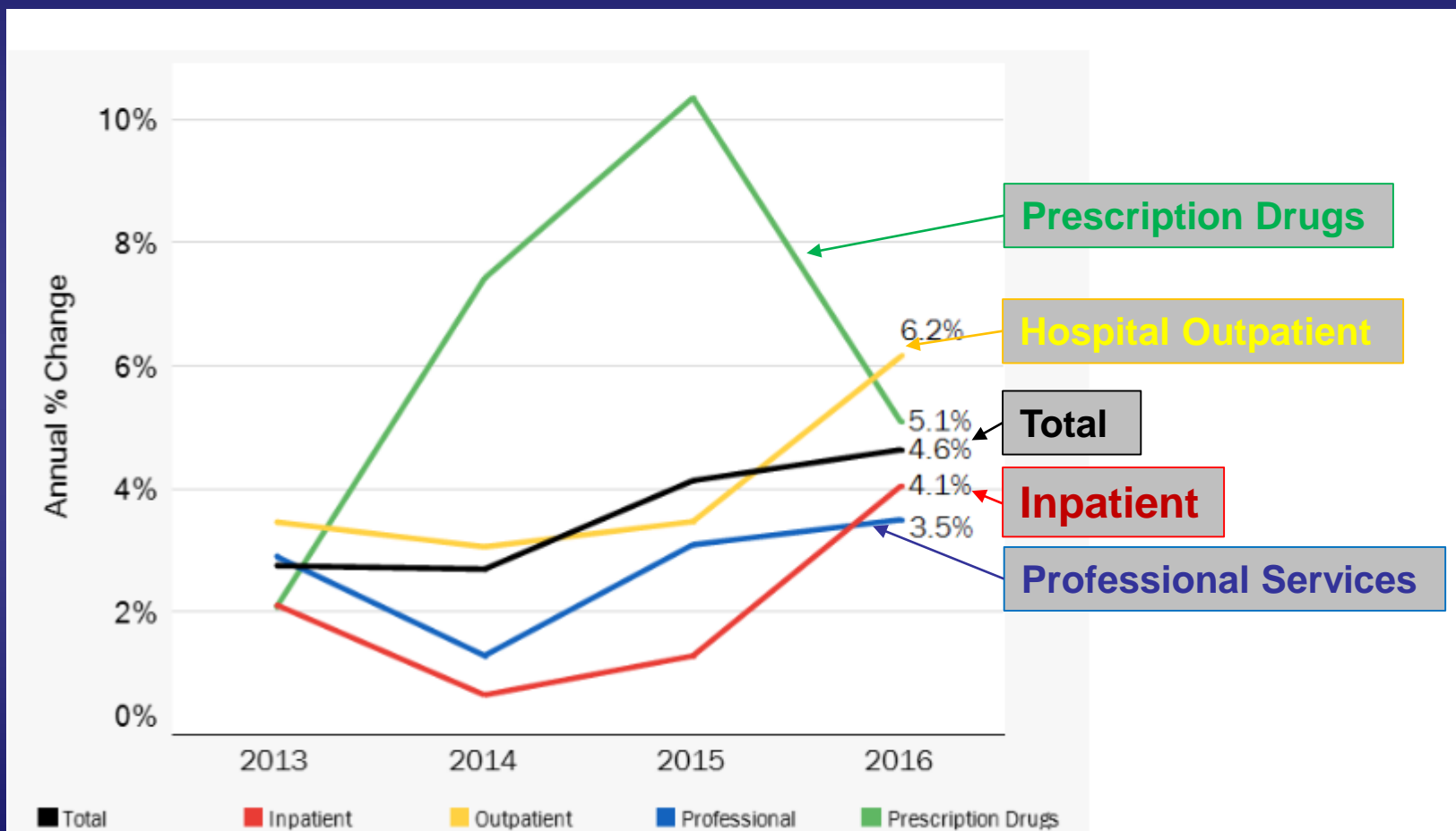
Selected calendar years 1990-2026



Source: Center for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. *National Health Expenditure Projections, 2017-26: Despite Uncertainty, Fundamentals Primarily Drive Spending Growth*. March 2018, 37:3 Health Affairs.

Annual Change in Spending Per Person, 2012-20166

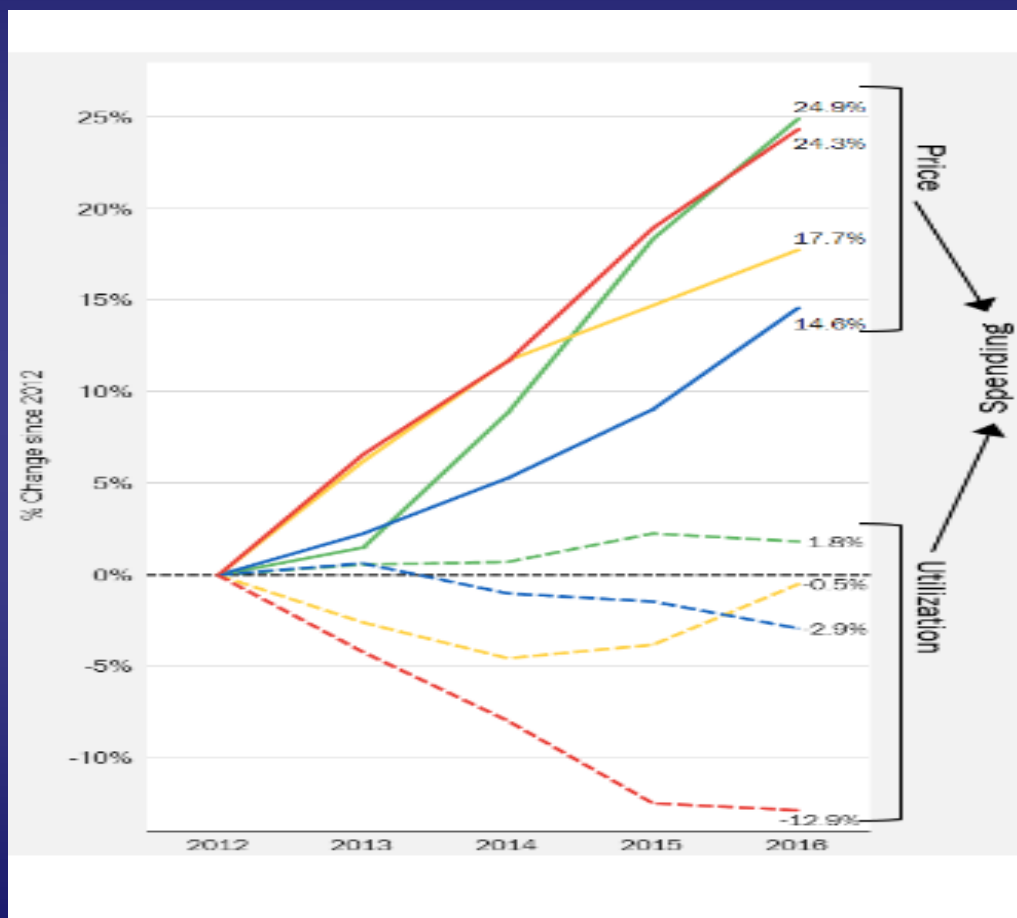
Employer-Sponsored Insurance (ESI)



“Health Spending Growth Is Accelerating: Prices Are In The Driver’s Seat” Health Affairs Blog; February 9, 2018

Cumulative Change in Price, Utilization & Spending

2012-2016



Prices

+ 24.9% Prescription Drugs

+ 24.3% Inpatient

+ 17.7% Hospital Outpatient

+14.6% Professional Services

Utilization

+ 1.8% Prescription Drugs

- 0.5% Hospital Outpatient

- 2.9% Professional Services

-12.9% Inpatient

“Health Spending Growth Is Accelerating: Prices Are in The Driver’s Seat” Health Affairs Blog; February 9, 2018
Niall Brennan, John Hargraves, Amanda Frost, Sally Rodriguez

Total Cost of Health Care Nationwide

vs.

Total Cost for Individual?

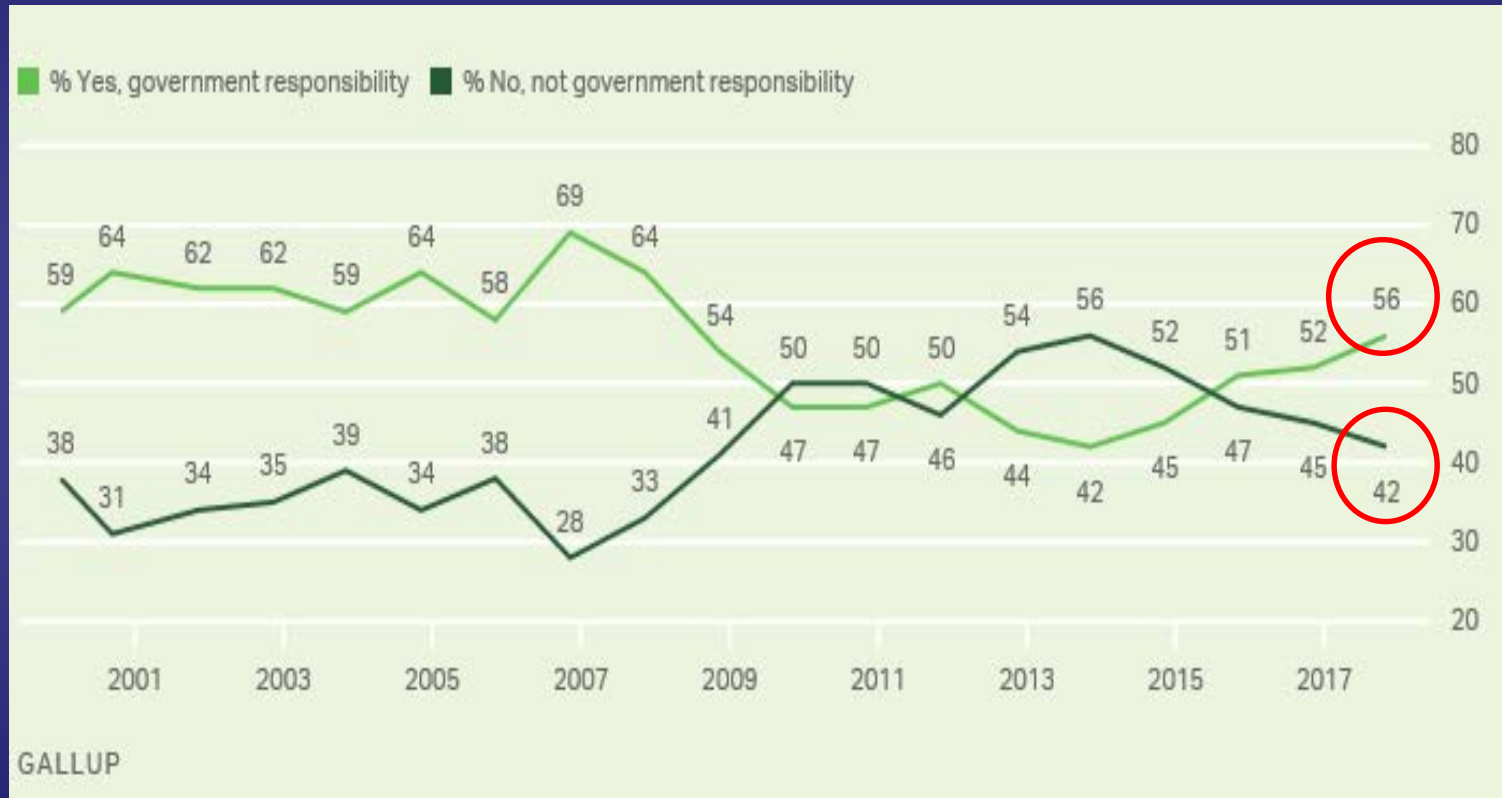
Are you generally satisfied or dissatisfied with the total cost of health care in this country?

	Satisfied	Dissatisfied	No opinion
	%	%	%
2017 Nov 2-8	20	78	1
2016 Nov 9-13	19	80	2
2015 Nov 4-8	21	78	1
2014 Nov 6-9	23	76	1

Are you generally satisfied or dissatisfied with the total cost you pay for your healthcare?

	Satisfied	Dissatisfied	No opinion
	%	%	%
2017 Nov 2-8	61	38	1
2016 Nov 9-13	56	42	2
2015 Nov 4-8	57	42	1
2014 Nov 6-9	57	41	2

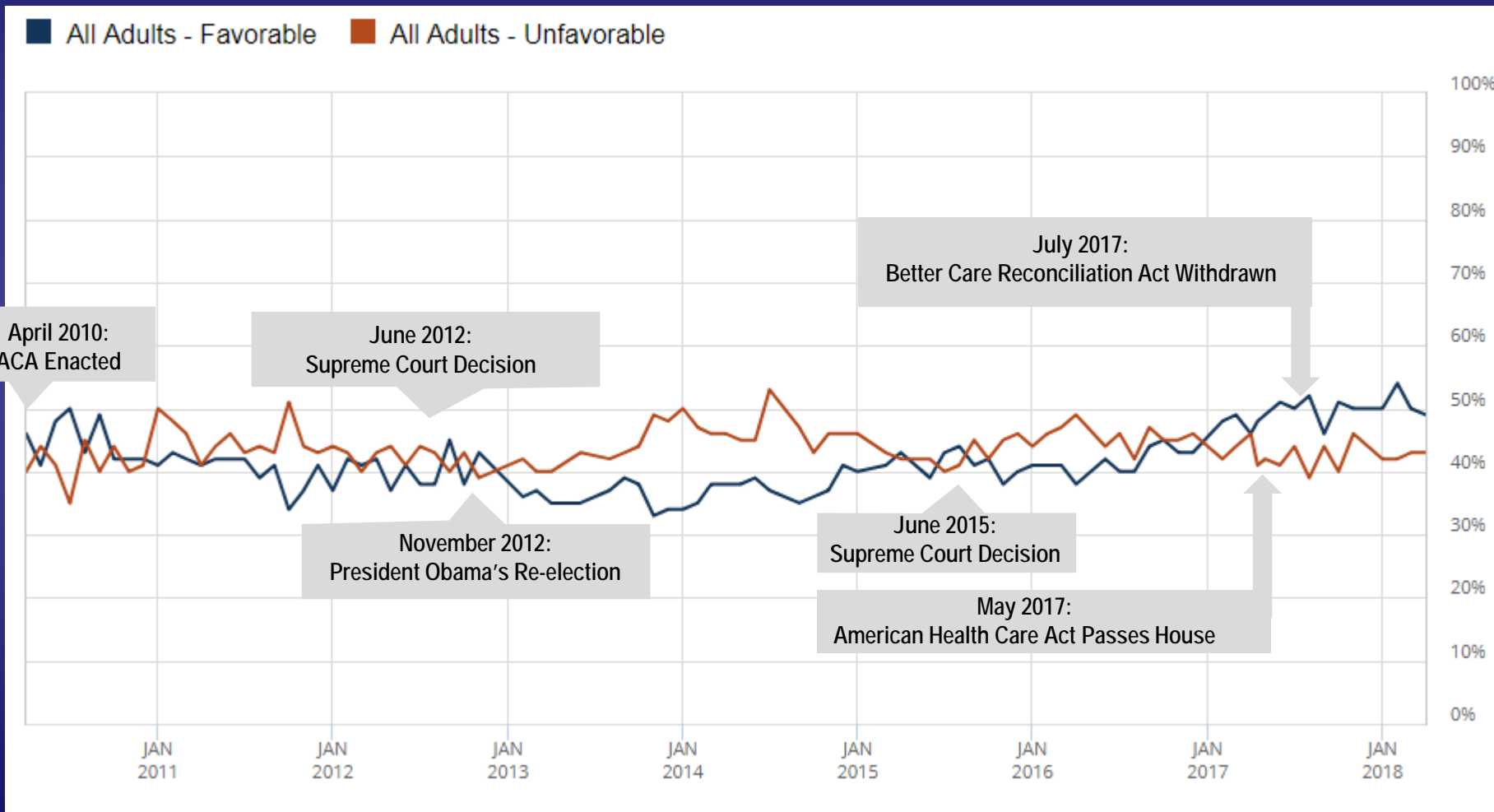
Do you think it is the responsibility of the federal government to make sure all Americans have healthcare coverage or is it not the responsibility of the federal government?



Favorability of Affordable Care Act, April 2010 to April 2018 ¹¹

“As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?”

June 2018: Favorable 50% Unfavorable 41%



Source: The Henry J. Kaiser Family Foundation, June 2018.