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The Long-Term Costs of Major Health Care Programs: Fiscal Implications and Projection Methods

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Who Makes Federal Budget Projections in the United States?

- Executive branch
- Legislative branch

What Projections Does the Congressional Budget Office Make?

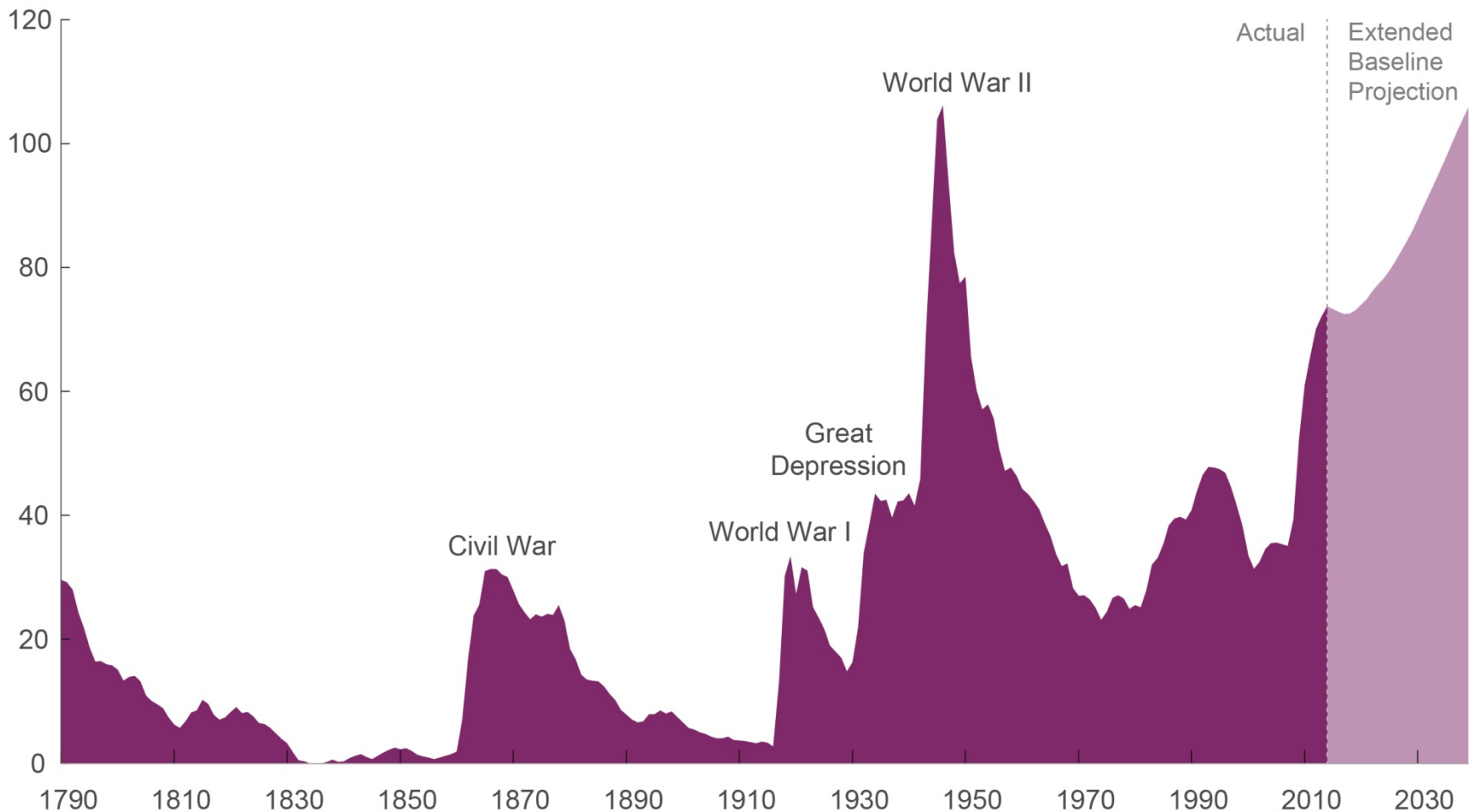
- 10-year baseline budget projections—three times per year
- Long-term budget projections—once a year

What Is the Purpose of CBO's Budget Projections?

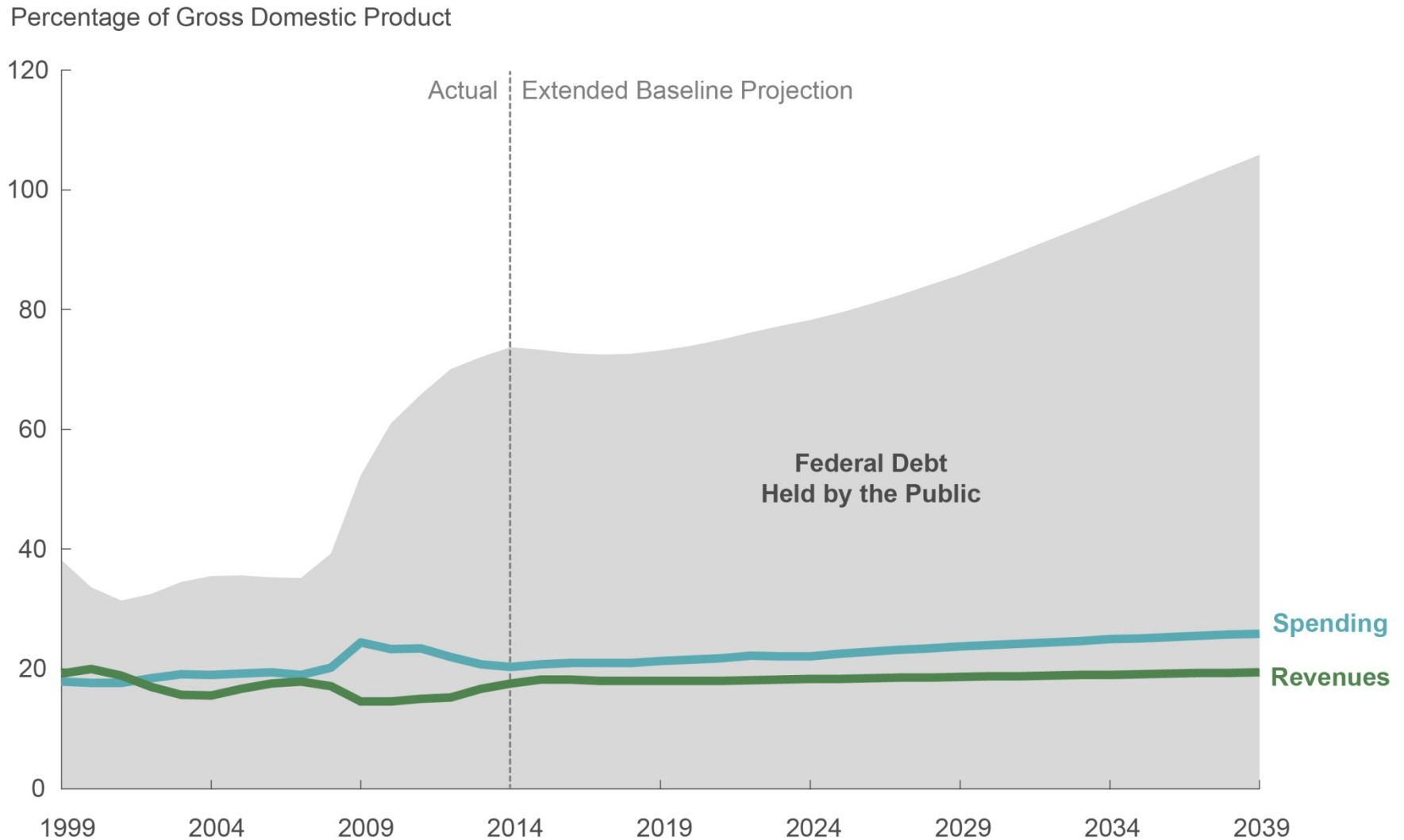
- Illustrate implications of generally following current law
- Serve as a benchmark for measuring proposed changes

Federal Debt Held by the Public

Percentage of Gross Domestic Product

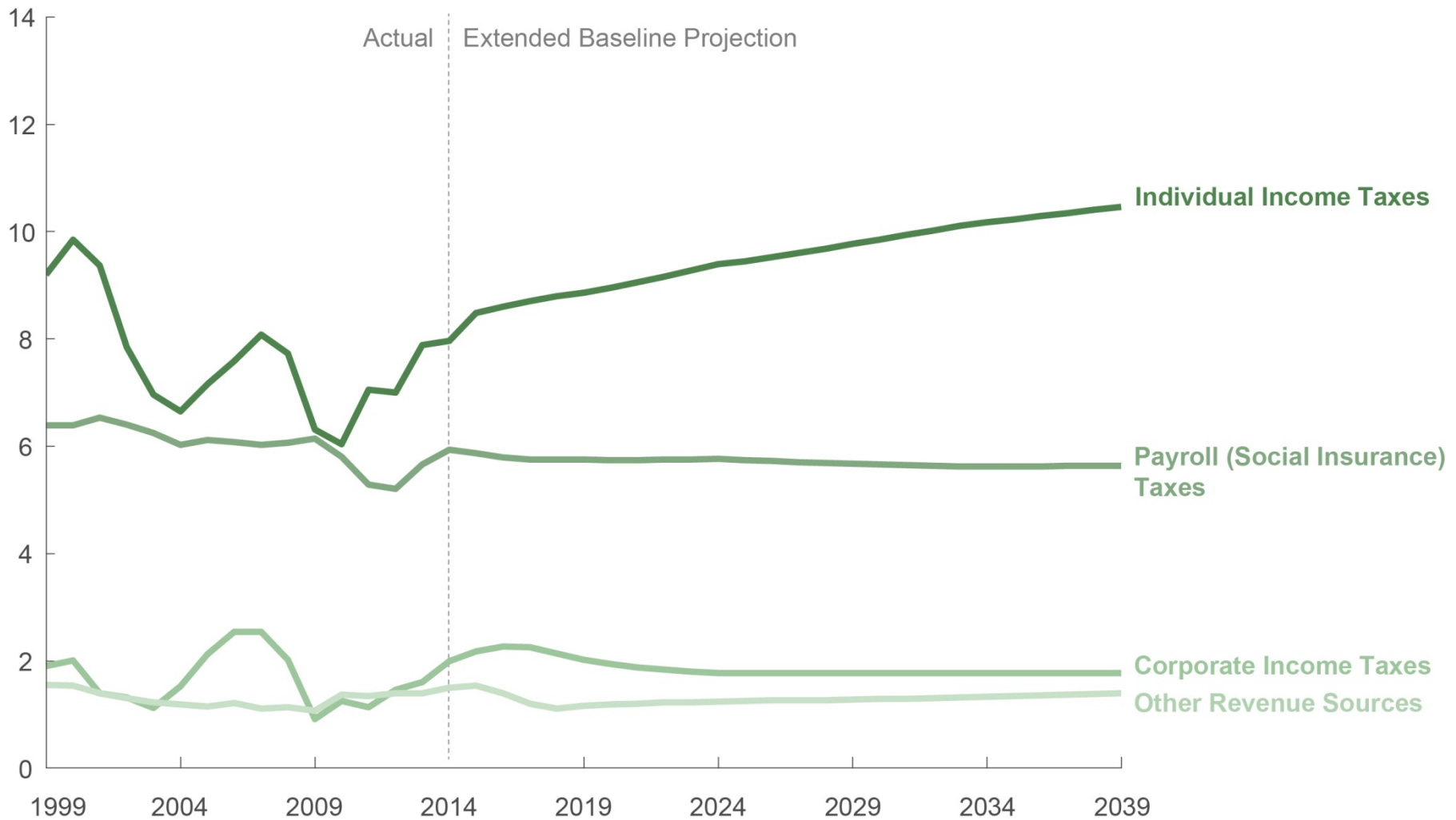


Debt Held by the Public, Total Spending, and Total Revenues



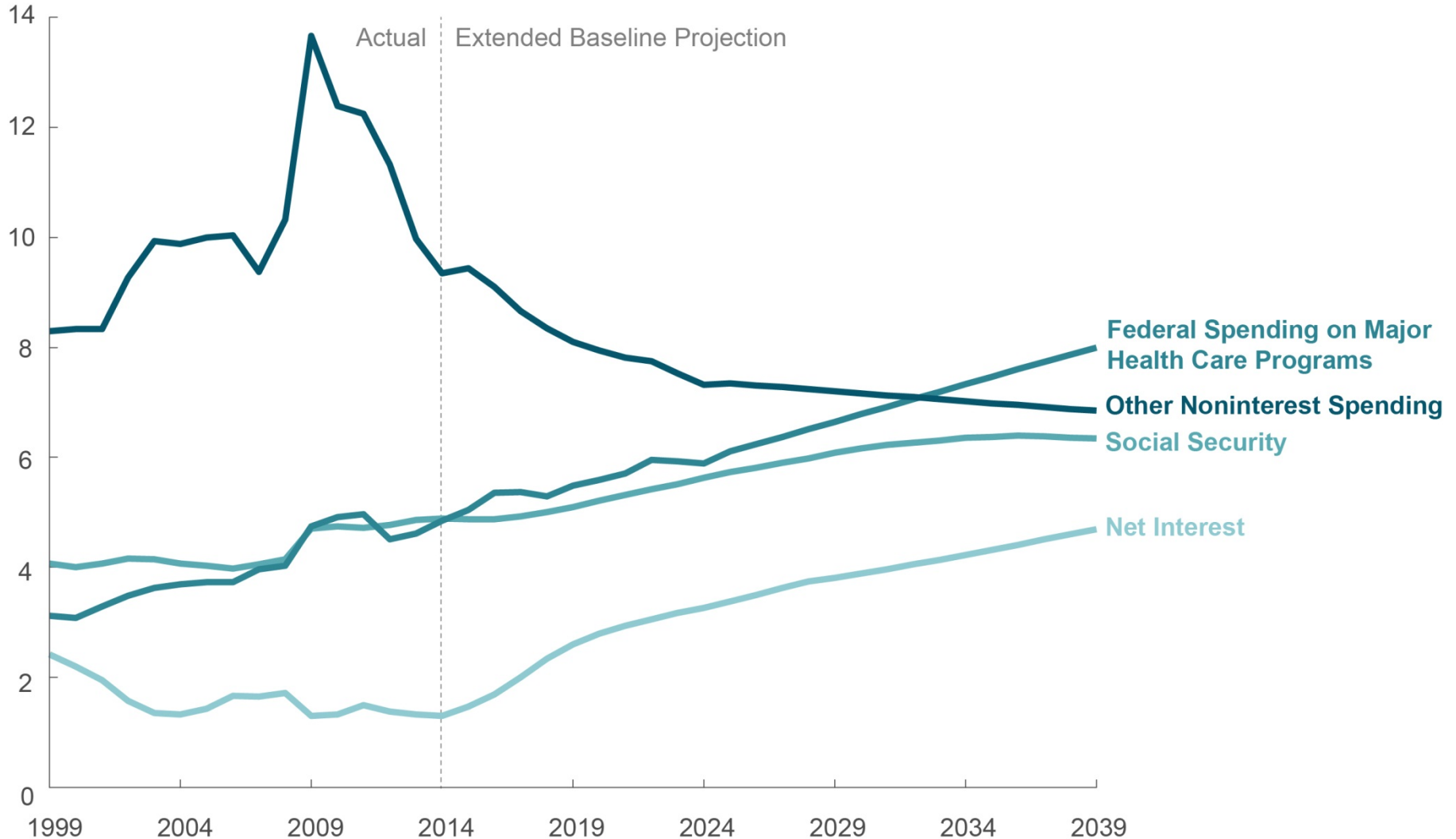
Components of Total Revenues

Percentage of Gross Domestic Product



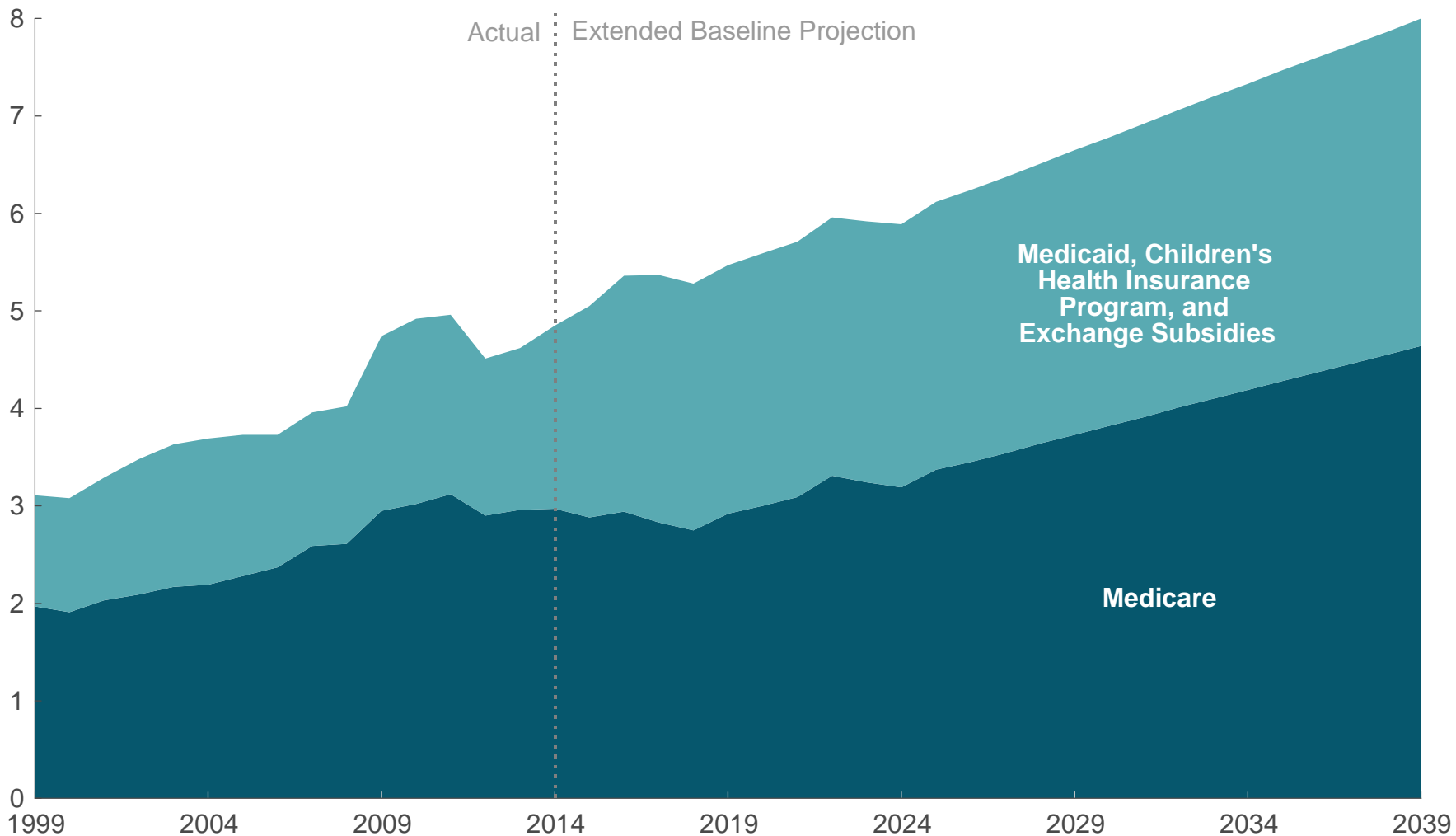
Components of Total Spending

Percentage of Gross Domestic Product



Federal Spending on Major Health Care Programs, by Category

Percentage of Gross Domestic Product

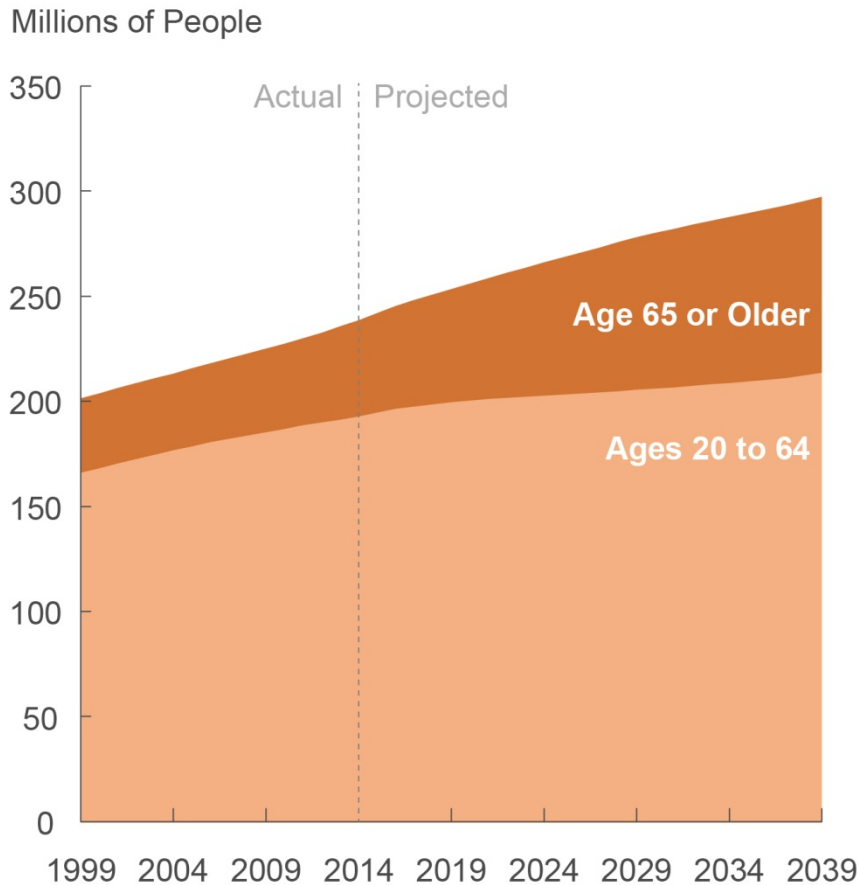


How is Health Care Spending Projected?

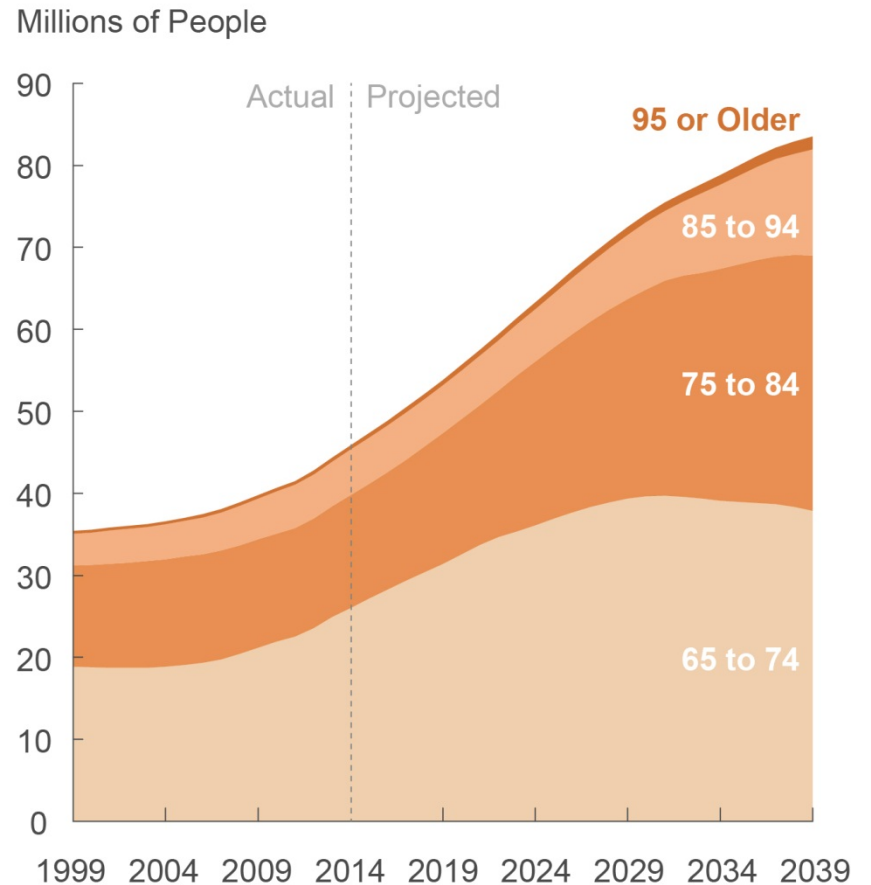
- Next 10 years: detailed analysis of programs
- Later years: fairly mechanical estimates
 - Number of people who will receive benefits
 - Growth in spending per beneficiary

Changes in Population, by Age Group

**Population Age 65 or Older
Relative to the Population Ages 20 to 64**

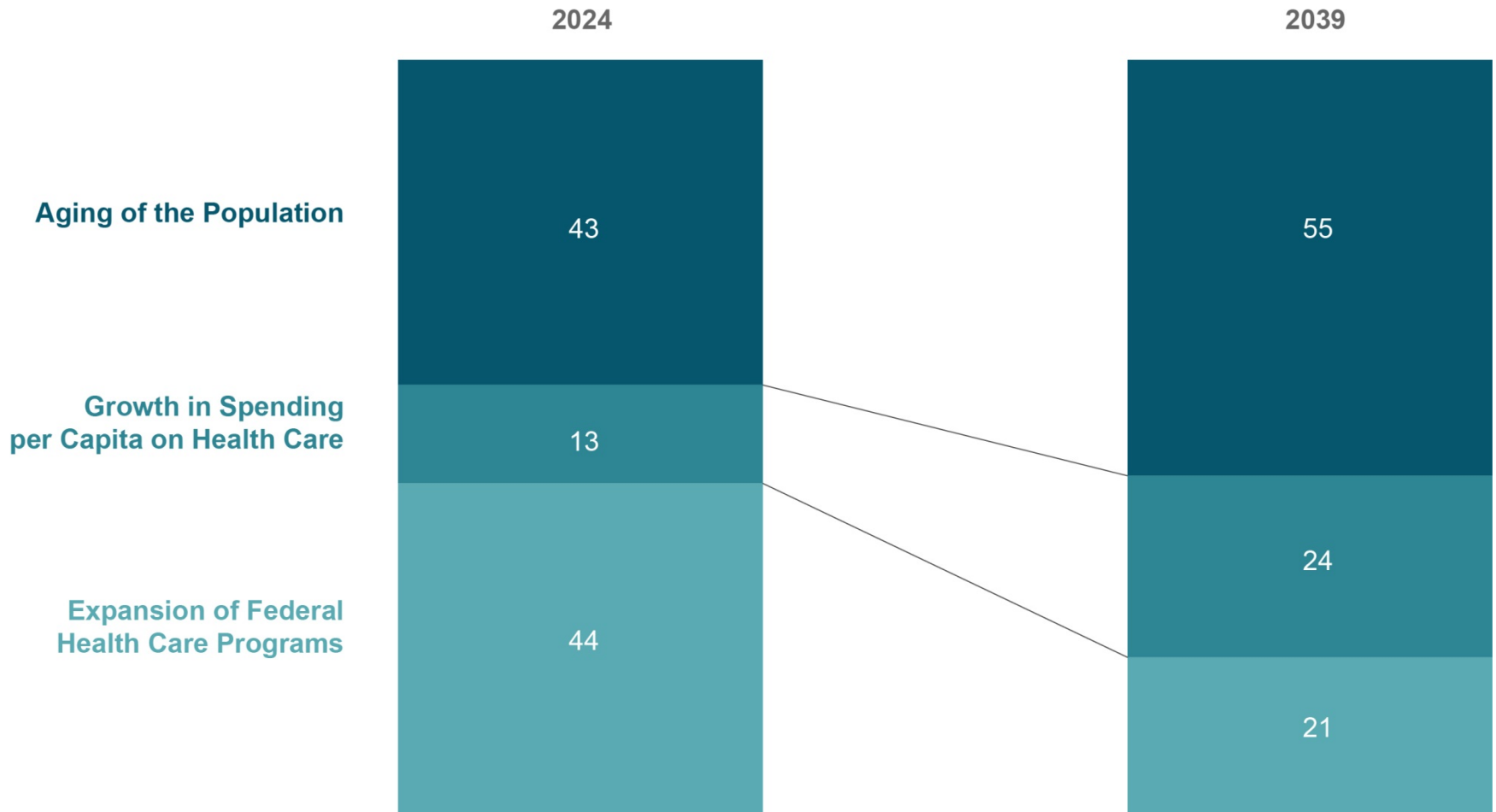


Number of People Age 65 or Older, by Age Group



Causes of Projected Growth in Federal Spending for Social Security and Major Health Care Programs

Percentage of Projected Growth Through . . .



Possible Approaches to Reducing Federal Health Care Spending

- Improve the health of the population
- Reduce federal subsidies for health insurance
- Reduce tax preferences for employment-based health insurance
- Pay Medicare providers in different ways
- Make larger structural changes to federal health care programs
- Undertake other possible reforms