

CBO

MEMORANDUM

PROJECTIONS OF
NATIONAL HEALTH EXPENDITURES:
1993 UPDATE

October 1993



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This Congressional Budget Office memorandum updates CBO's study *Projections of National Health Expenditures* (October 1992). The new projections are based on the methodology described in that study and are consistent with CBO's current economic assumptions and baseline budget projections. CBO will use these projections in preparing estimates of health care proposals considered in the first session of the 103rd Congress.

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This memorandum updates the Congressional Budget Office's (CBO's) health projections, which were first presented in *Projections of National Health Expenditures* (October 1992). In 1965, national health spending constituted less than 6 percent of the gross domestic product (GDP) of the United States. In 1993, CBO estimates, health spending will amount to more than 14 percent of GDP. Assuming that current government policies, patterns of medical practice, and trends in private health insurance continue, CBO projects that national health expenditures will grow to 18 percent of GDP in the year 2000, and to over 20 percent by 2003 (see Table 1).

CBO projects that national health spending will increase from about \$900 billion in 1993 to over \$1.6 trillion in 2000, and will reach \$2 trillion by 2003. (For comparison, CBO estimates that national defense spending in 1993 will be less than \$300 billion.) Per capita health spending will more than double, from an estimated \$3,358 in 1993 to over \$7,000 in 2003. Health care financed by the government will account for 50 percent of total health spending by 2003, up from 46 percent in 1993 (see Table 2).

These current-policy projections were developed not as a forecast of spending on health care but rather as a basis for measuring the impact of policy changes. They are not a prediction that national health expenditures will inevitably rise to 20 percent of GDP, because government and private policies

TABLE 1. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, BY TYPE OF SPENDING
(By calendar year)

Type of Spending	1965	1980	1985	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Hospital	14	102	168	258	340	400	604	778
Physician	8	42	74	129	168	204	315	401
Drugs, Other Nondurables	6	22	36	56	70	80	112	137
Nursing Home	2	20	34	53	74	91	138	176
All Other	<u>12</u>	<u>64</u>	<u>110</u>	<u>179</u>	<u>245</u>	<u>294</u>	<u>444</u>	<u>560</u>
Total, National Health Expenditures	42	250	423	675	898	1,069	1,613	2,052
Average Annual Growth Rate from Previous Year Shown (Percent)								
Hospital	n.a.	14.2	10.4	8.9	9.7	8.5	8.6	8.8
Physician	n.a.	11.5	12.1	11.7	9.3	10.1	9.1	8.4
Drugs, Other Nondurables	n.a.	9.1	10.8	9.0	7.9	6.8	7.1	6.8
Nursing Home	n.a.	17.9	11.3	9.3	11.8	10.2	8.8	8.5
All Other	n.a.	12.0	11.4	10.2	11.0	9.6	8.6	8.1
National Health Expenditures	n.a.	12.7	11.1	9.8	10.0	9.1	8.6	8.3
Memorandum:								
Total U.S. Population (Millions)	204	235	247	259	268	273	284	291
Per Capita National Health Expenditures (Dollars)	204	1,064	1,712	2,604	3,358	3,921	5,675	7,059
Gross Domestic Product (Billions of dollars) ^b	703	2,708	4,039	5,522	6,267	6,951	8,857	10,169
Average Annual Growth of Gross Domestic Product (Percent)	n.a.	9.4	8.3	6.5	4.3	5.3	5.0	4.7
Ratio of National Health Expenditures to Gross Domestic Product (Percent)	5.9	9.2	10.5	12.2	14.3	15.4	18.2	20.2

SOURCE: Congressional Budget Office. Population projections are from the 1993 Social Security Trustees' Report.

NOTES: n.a. = not applicable. Numbers may not add to totals because of rounding.

a. Projected.

b. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

TABLE 2. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, BY SOURCE OF FUNDS (By calendar year)

Source of Funds	1965	1980	1985	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Private	31	145	248	390	488	568	824	1,022
Public								
Federal	5	72	123	195	280	346	555	735
State and local	<u>5</u>	<u>33</u>	<u>51</u>	<u>91</u>	<u>130</u>	<u>156</u>	<u>234</u>	<u>295</u>
Total, National Health Expenditures	42	250	423	675	898	1,069	1,613	2,052
Percentage of Total								
Private	75.3	58.0	58.7	57.8	54.3	53.1	51.1	49.8
Public								
Federal	11.6	28.8	29.2	28.8	31.2	32.3	34.4	35.8
State and local	<u>13.2</u>	<u>13.3</u>	<u>12.1</u>	<u>13.4</u>	<u>14.5</u>	<u>14.6</u>	<u>14.5</u>	<u>14.4</u>
Total, National Health Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Annual Growth Rate from Previous Year Shown (Percent)								
Private	n.a.	10.8	11.3	9.5	7.7	7.9	7.7	7.5
Public								
Federal	n.a.	19.7	11.4	9.5	13.0	11.0	10.0	9.8
State and local	n.a.	12.8	9.0	12.1	12.9	9.4	8.5	8.0
National Health Expenditures	n.a.	12.7	11.1	9.8	10.0	9.1	8.6	8.3
Memorandum:								
Gross Domestic Product (Billions of dollars) ^b	703	2,708	4,039	5,522	6,267	6,951	8,857	10,169
Average Annual Growth of Gross Domestic Product (Percent)	n.a.	9.4	8.3	6.5	4.3	5.3	5.0	4.7
Ratio of National Health Expenditures to Gross Domestic Product (Percent)	5.9	9.2	10.5	12.2	14.3	15.4	18.2	20.2

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable. Numbers may not add to totals because of rounding.

a. Projected.

b. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

are likely to change, at least in modest ways. CBO uses the projections of national health spending and its components to help evaluate health reform plans.

These new projections reflect updated macroeconomic, demographic, and federal budget projections. The updated assumptions include the impact of the Omnibus Budget Reconciliation Act of 1993 recently signed by President Clinton. The new economic and budget projections are explained in CBO's report *The Economic and Budget Outlook: An Update* (September 1993).

Largely because CBO has lowered its projections of overall inflation, health spending is expected to be \$66 billion less in the year 2000 compared with the projection published by CBO last year. Because CBO's forecast of GDP has been reduced by a proportionately greater amount, however, the lower projected health spending amounts to a slightly higher share of GDP--18.2 percent in 2000 compared with the 18.0 percent projected last year. The appendix contains detailed tables that can be compared with the tables in the October 1992 study.

Table 3 shows how the changed assumptions have, as a whole, led to lower projected health expenditures. Macroeconomic changes, especially the

TABLE 3. CHANGES IN PROJECTIONS OF NATIONAL HEALTH EXPENDITURES FROM OCTOBER 1992 (By calendar year, in billions of dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
National Health Expenditures, October 1992 Projection ^a	666	735	808	889	977	1,072	1,176	1,288	1,409	1,540	1,679
Macroeconomic Changes ^b	0	0	-1	-5	-9	-15	-23	-32	-42	-53	-67
Demographic Changes ^c	0	0	0	0	-1	-2	-2	-3	-4	-6	-8
Technical and Other Changes ^d	<u>9</u>	<u>18</u>	<u>16</u>	<u>14</u>	<u>15</u>	<u>14</u>	<u>12</u>	<u>10</u>	<u>8</u>	<u>7</u>	<u>8</u>
Total Changes	9	18	15	9	5	-3	-13	-25	-38	-52	-66
National Health Expenditures, October 1993 Projection ^e	675	752	823	898	982	1,069	1,163	1,263	1,372	1,488	1,613

SOURCE: Congressional Budget Office.

NOTE: Numbers may not add to totals because of rounding.

- a. Projected after 1990.
- b. Includes changes in inflation and in growth of real gross domestic product.
- c. Includes change in aggregate population growth and updated assumptions about the impact of changes in demographic composition.
- d. Includes the impact of data revisions, legislative and technical changes in CBO's Medicare and Medicaid baselines, and other factors and assumptions. CBO estimates that legislative changes made by the Omnibus Budget Reconciliation Act of 1993 will reduce fiscal year outlays of the Medicare and Medicaid programs by \$2.0 billion in 1994, \$6.4 billion in 1995, \$12.4 billion in 1996, \$16.0 billion in 1997, and \$18.2 billion in 1998.
- e. Projected after 1991.

lower projected inflation rate, account for most of the reduction. Updated demographic assumptions--including new figures on health care use and spending by age and sex, and revised population projections from the Social Security Administration--account for only a small part of the change in projected health spending.

The revisions to CBO's projections do not stem from major changes in behavioral assumptions or modeling. The estimates are based on the models and the assumptions about the workings of the health sector that were described in *Projections of National Health Expenditures*. That study explains the health spending data that are developed by the Health Care Financing Administration (HCFA) and projected by CBO.

HCFA now estimates that health spending totaled \$752 billion in 1991, and it has revised its estimate for 1990 expenditures upward from \$666 billion to \$675 billion. These updated historical estimates do not have a major impact on CBO's long-run projections of health spending, but they have increased the base from which the projections begin.

CBO's projections start in 1992, using current data from government programs, surveys of providers' revenues and patients' use of health care, and

other data to help guide the 1992 and 1993 estimates. HCFA expects to publish a comprehensive historical estimate of national health expenditures for 1992 in the coming months.

APPENDIX: DETAILED TABLES

Tables A-1 through A-14 update those published in CBO's study *Projections of National Health Expenditures* (October 1992). That study explains the concepts shown in these tables. Tables A-12 and A-13 give the projections by type of spending and by source of funds, respectively, for all years from 1993 through 2003. Table A-14 gives the projections of health insurance primary coverage for the same years.

TABLE A-1. NATIONAL AND PERSONAL HEALTH SPENDING, DEMOGRAPHIC AND ECONOMIC ASSUMPTIONS (By calendar year)

	1965	1983	1987	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
National Health Expenditures								
Personal health expenditures ^b	36	315	439	591	794	951	1,453	1,860
Other health expenditures ^c	<u>6</u>	<u>44</u>	<u>55</u>	<u>84</u>	<u>105</u>	<u>118</u>	<u>161</u>	<u>192</u>
Total	42	359	494	675	898	1,069	1,613	2,052
Gross Domestic Product	703	3,405	4,540	5,522	6,267	6,951	8,857	10,169
Real GDP (Billions of 1987 dollars)	2,471	3,907	4,540	4,877	5,051	5,330	6,001	6,387
GDP implicit deflator (1987=1)	0.284	0.872	1.000	1.132	1.241	1.304	1.476	1.592
Total Population (Millions)	204	242	252	259	268	273	284	291
Age 65 and over	19	28	30	32	33	34	35	36
Age 75 and over	7	11	13	13	14	15	17	17
Average Annual Growth Rate from Previous Year Shown (Percent)								
National Health Expenditures								
Personal health expenditures ^b	n.a.	12.9	8.7	10.4	10.3	9.4	8.8	8.6
Other health expenditures ^c	n.a.	11.7	5.9	15.1	7.7	6.4	6.3	6.2
All National Health Expenditures	n.a.	12.7	8.3	11.0	10.0	9.1	8.6	8.3
Gross Domestic Product								
Real GDP	n.a.	9.2	7.5	6.7	4.3	5.3	5.0	4.7
GDP implicit deflator	n.a.	2.6	3.8	2.4	1.2	2.7	2.4	2.1
Total Population								
Age 65 and over	n.a.	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Age 75 and over	n.a.	2.1	2.1	1.7	1.5	1.2	0.7	0.6
Age 75 and over	n.a.	2.8	2.5	2.4	2.3	2.2	2.2	1.4

SOURCES: Population projections are from the 1993 Social Security Trustees' Report. Economic assumptions reflect the Congressional Budget Office baseline of September 1993. Health expenditure projections are by the Congressional Budget Office based on historical estimates from the Health Care Financing Administration.

NOTES: n.a. = not applicable. Numbers may not add to totals because of rounding.

- a. Projected.
- b. Includes all spending directly related to patient care.
- c. Includes administrative, research, and construction spending.

TABLE A-2. FACTORS ACCOUNTING FOR GROWTH IN PERSONAL HEALTH SPENDING
(Average annual growth rate by calendar year)

	1965- 1983	1983- 1987	1987- 1990	1990- 1993 ^a	1993- 1995 ^a	1995- 2000 ^a	2000- 2003 ^a
Total Growth in Personal Health Expenditures	12.9	8.7	10.4	10.3	9.4	8.8	8.6
Factors Accounting for Growth^b							
Population increase	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Demographic composition	0.6	0.4	0.3	0.3	0.3	0.4	0.5
Use per person ^c	0.9	-1.3	-0.1	0.5	0.9	0.9	0.9
GDP implicit price deflator	6.4	3.5	4.2	3.1	2.5	2.5	2.6
Other price and intensity ^d	3.5	5.0	4.6	5.0	4.4	4.0	3.6

SOURCE: Congressional Budget Office.

NOTES: "Use per person" and "Other price and intensity" are net of predicted impacts on use and intensity from changes in demographic composition. CBO has no measure of demographic composition effects for some smaller types of health spending and no independent use or volume measures for some types of spending. In these cases, CBO has approximated the demographic and use contributions to growth in personal health expenditures using data from similar types of spending.

GDP = gross domestic product.

- a. Projected.
- b. Factors are combined multiplicatively to yield total growth rate.
- c. Consists of basic medical contacts, such as days in the hospital or physician visits.
- d. Includes price increases in excess of the GDP deflator, additional volume of services per unit of use, and increases in the complexity of services.

TABLE A-3. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, BY MAJOR TYPES OF SPENDING (By calendar year)

Type of Spending	1965	1983	1987	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Personal Health Expenditures								
Hospital expenditures								
Community hospitals, inpatient	8	104	130	165	207	238	339	422
Community hospitals, outpatient	1	17	32	51	79	102	188	267
Federal hospitals ^b	2	11	15	18	22	24	30	35
Other hospital ^b	<u>3</u>	<u>15</u>	<u>18</u>	<u>23</u>	<u>33</u>	<u>36</u>	<u>46</u>	<u>54</u>
Subtotal	14	147	194	258	340	400	604	778
Physician	8	61	93	129	168	204	315	401
Drugs, other nondurables	6	31	43	56	70	80	112	137
Nursing home	2	29	40	53	74	91	138	176
Smaller types of spending	<u>6</u>	<u>47</u>	<u>69</u>	<u>96</u>	<u>141</u>	<u>176</u>	<u>283</u>	<u>368</u>
Total, Personal Expenditures	36	315	439	591	794	951	1,453	1,860
Other Health Expenditures	<u>6</u>	<u>44</u>	<u>55</u>	<u>84</u>	<u>105</u>	<u>118</u>	<u>161</u>	<u>192</u>
Total, National Health Expenditures	42	359	494	675	898	1,069	1,613	2,052

Average Annual Growth Rate from Previous Year Shown (Percent)

Personal Health Expenditures								
Hospital expenditures								
Community hospitals, inpatient	n.a.	15.3	5.6	8.4	7.7	7.4	7.3	7.6
Community hospitals, outpatient	n.a.	18.8	16.7	17.5	15.7	13.5	13.0	12.4
Federal hospitals ^b	n.a.	10.3	7.7	6.8	6.5	4.7	4.8	4.8
Other hospital ^b	n.a.	8.5	4.9	9.3	12.0	5.0	5.0	5.1
All Hospital Expenditures	n.a.	13.9	7.2	9.9	9.7	8.5	8.6	8.8
Physician	n.a.	11.8	11.3	11.5	9.3	10.1	9.1	8.4
Drugs, other nondurables	n.a.	9.6	8.7	8.8	7.9	6.8	7.1	6.8
Nursing home	n.a.	17.0	8.3	10.4	11.8	10.2	8.8	8.5
Smaller types of spending	n.a.	12.4	10.0	11.3	13.7	11.8	10.0	9.1
All Personal Expenditures	n.a.	12.9	8.7	10.4	10.3	9.4	8.8	8.6
Other Health Expenditures	n.a.	11.7	5.9	15.1	7.7	6.4	6.3	6.2
National Health Expenditures	n.a.	12.7	8.3	11.0	10.0	9.1	8.6	8.3
Memorandum:								
Average Annual Growth of GDP (Percent) ^c	n.a.	9.2	7.5	6.7	4.3	5.3	5.0	4.7

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable; GDP = gross domestic product. Numbers may not add to totals because of rounding.

a. Projected.

b. Includes nonfederal, noncommunity hospitals and nonpatient revenues at community hospitals.

c. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

TABLE A-4. FACTORS ACCOUNTING FOR GROWTH IN INPATIENT EXPENDITURES AT COMMUNITY HOSPITALS (Average annual growth rate by calendar year)

	1965- 1983	1983- 1987	1987- 1990	1990- 1993 ^a	1993- 1995 ^a	1995- 2000 ^a	2000- 2003 ^a
Growth in Inpatient Hospital Expenditures	15.3	5.6	8.4	7.7	7.4	7.3	7.6
Factors Accounting for Growth^b							
Population increase	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Demographic composition	0.4	0.3	0.1	0.2	0	0.2	0.4
Use per person ^c	0.2	-5.4	-2.2	-3.4	-2.3	-1.7	-1.3
GDP implicit price deflator	6.4	3.5	4.2	3.1	2.5	2.5	2.6
Other price and intensity ^d	6.7	6.6	5.1	6.8	6.2	5.4	5.0

SOURCE: Congressional Budget Office.

NOTES: "Use per person" and "Other price and intensity" are net of predicted impacts on use and intensity from changes in demographic composition.

GDP = gross domestic product.

- a. Projected.
- b. Factors are combined multiplicatively to yield total growth rate.
- c. Consists of basic medical contacts, such as days in the hospital or physician visits.
- d. Includes price increases in excess of the GDP deflator, additional volume of services per unit of use, and increases in the complexity of services.

TABLE A-5. FACTORS ACCOUNTING FOR GROWTH IN OUTPATIENT EXPENDITURES AT COMMUNITY HOSPITALS (Average annual growth rate by calendar year)

	1965- 1983	1983- 1987	1987- 1990	1990- 1993 ^a	1993- 1995 ^a	1995- 2000 ^a	2000- 2003 ^a
Growth in Outpatient Hospital Expenditures	18.8	16.7	17.5	15.7	13.5	13.0	12.4
Factors Accounting for Growth^b							
Population increase	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Demographic composition	0.3	0.2	0.1	0.1	0.1	0.2	0.5
Use per person ^c	4.0	3.8	4.3	4.9	5.0	4.7	4.3
GDP implicit price deflator	6.4	3.5	4.2	3.1	2.5	2.5	2.6
Other price and intensity ^d	6.0	7.3	7.0	5.8	4.3	4.2	3.8

SOURCE: Congressional Budget Office.

NOTES: "Use per person" and "Other price and intensity" are net of predicted impacts on use and intensity from changes in demographic composition.

GDP = gross domestic product.

- a. Projected.
- b. Factors are combined multiplicatively to yield total growth rate.
- c. Consists of basic medical contacts, such as days in the hospital or physician visits.
- d. Includes price increases in excess of the GDP deflator, additional volume of services per unit of use, and increases in the complexity of services.

TABLE A-6. FACTORS ACCOUNTING FOR GROWTH IN EXPENDITURES FOR PHYSICIAN SERVICES (Average annual growth rate by calendar year)

	1965-1983	1983-1987	1987-1990	1990-1993 ^a	1993-1995 ^a	1995-2000 ^a	2000-2003 ^a
Growth in Physician Expenditures	11.8	11.3	11.5	9.3	10.1	9.1	8.4
Factors Accounting for Growth^b							
Population increase	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Demographic composition	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Use per person ^c	0.6	0.3	-0.3	0	0	0	0
GDP implicit price deflator	6.4	3.5	4.2	3.1	2.5	2.5	2.6
Other price and intensity ^d	3.0	5.8	5.9	4.7	6.1	5.2	4.5

SOURCE: Congressional Budget Office.

NOTES: "Use per person" and "Other price and intensity" are net of predicted impacts on use and intensity from changes in demographic composition.

GDP = gross domestic product.

- a. Projected.
- b. Factors are combined multiplicatively to yield total growth rate.
- c. Consists of basic medical contacts, such as days in the hospital or physician visits.
- d. Includes price increases in excess of the GDP deflator, additional volume of services per unit of use, and increases in the complexity of services.

TABLE A-7. FACTORS ACCOUNTING FOR GROWTH IN EXPENDITURES FOR NURSING HOME SERVICES (Average annual growth rate by calendar year)

	1965-1983	1983-1987	1987-1990	1990-1993 ^a	1993-1995 ^a	1995-2000 ^a	2000-2003 ^a
Growth in Nursing Home Expenditures	17.0	8.3	10.4	11.8	10.2	8.8	8.5
Factors Accounting for Growth^b							
Population increase	1.0	1.0	1.0	1.1	0.9	0.8	0.8
Demographic composition	2.0	1.4	1.1	1.1	1.1	1.1	1.0
Use per person ^c	2.3	-1.2	-1.1	0.5	0.5	0.6	0.7
GDP implicit price deflator	6.4	3.5	4.2	3.1	2.5	2.5	2.6
Other price and intensity ^d	4.4	3.4	4.8	5.6	4.8	3.4	3.2

SOURCE: Congressional Budget Office.

NOTES: "Use per person" and "Other price and intensity" are net of predicted impacts on use and intensity from changes in demographic composition.

GDP = gross domestic product.

- a. Projected.
- b. Factors are combined multiplicatively to yield total growth rate.
- c. Consists of basic medical contacts, such as days in the hospital or physician visits.
- d. Includes price increases in excess of the GDP deflator, additional volume of services per unit of use, and increases in the complexity of services.

TABLE A-8. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, BY SMALLER TYPES OF SPENDING (By calendar year)

Type of Spending	1965	1983	1987	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Personal Health Expenditures								
Major types of spending	30	268	370	496	653	775	1,169	1,492
Dental	3	20	27	34	43	50	69	83
Other professional	1	13	21	31	47	61	110	153
Home health	0	3	4	8	18	27	47	62
Vision and durables	1	5	9	12	14	16	23	28
Other personal	<u>1</u>	<u>6</u>	<u>8</u>	<u>11</u>	<u>18</u>	<u>22</u>	<u>34</u>	<u>42</u>
Subtotal	36	315	439	591	794	951	1,453	1,860
Other Health Expenditures								
Administration, net cost of private insurance	2	19	23	39	51	59	85	106
Government public health	1	10	15	22	29	32	42	49
Research	2	6	9	12	14	16	20	24
Construction	<u>2</u>	<u>9</u>	<u>8</u>	<u>11</u>	<u>10</u>	<u>11</u>	<u>13</u>	<u>14</u>
Subtotal	6	44	55	84	105	118	161	192
Total, National Health Expenditures	42	359	494	675	898	1,069	1,613	2,052
Average Annual Growth Rate from Previous Year Shown (Percent)								
Personal Health Expenditures								
Major types of spending	n.a.	13.0	8.4	10.3	9.6	8.9	8.6	8.5
Dental	n.a.	11.5	8.2	7.9	8.3	7.4	6.7	6.2
Other professional	n.a.	16.4	12.1	13.2	15.3	13.8	12.6	11.5
Home health	n.a.	24.1	9.7	22.5	34.1	20.5	12.3	9.5
Vision and durables	n.a.	8.5	13.6	9.0	6.8	7.3	6.9	6.5
Other personal	n.a.	11.6	7.1	13.8	15.6	11.5	8.8	8.1
All Personal Health Expenditures	n.a.	12.9	8.7	10.4	10.3	9.4	8.8	8.6
Other Health Expenditures								
Administration, net cost of private insurance	n.a.	13.5	5.0	19.2	9.6	7.6	7.5	7.5
Government public health	n.a.	16.4	10.6	14.6	9.4	6.2	5.4	4.8
Research	n.a.	8.3	9.2	9.5	5.7	5.8	5.5	5.2
Construction	n.a.	8.7	-1.2	9.4	-1.1	1.9	3.3	3.3
All Other Health Expenditures	n.a.	11.7	5.9	15.1	7.7	6.4	6.3	6.2
National Health Expenditures	n.a.	12.7	8.3	11.0	10.0	9.1	8.6	8.3
Memorandum:								
Average Annual Growth of GDP (Percent) ^b	n.a.	9.2	7.5	6.7	4.3	5.3	5.0	4.7

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable; GDP = gross domestic product. Numbers may not add to totals because of rounding.

a. Projected.

b. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

TABLE A-9. HEALTH INSURANCE PRIMARY COVERAGE, BY TYPE OF COVERAGE
(By calendar year)

Type of Coverage	1980	1983	1987	1990	1993	1995 ^a	2000 ^a	2003 ^a
Millions of People								
Employment-Based Insurance ^b	148.0	149.5	150.3	153.1	148.6	149.2	152.2	154.0
Individual Insurance	15.5	15.1	14.8	14.7	15.1	14.6	14.9	15.1
Medicare	24.0	25.9	28.7	30.5	32.6	33.7	35.5	36.2
Medicaid	11.5	12.4	14.0	14.6	20.5	22.6	26.4	27.7
Uninsured	<u>24.2</u>	<u>26.6</u>	<u>31.0</u>	<u>33.4</u>	<u>37.4</u>	<u>38.8</u>	<u>41.1</u>	<u>43.3</u>
Total Population	223.2	229.6	238.8	246.2	254.2	259.1	270.1	276.2
Percentage of Population								
Employment-Based Insurance ^b	66.3	65.1	62.9	62.2	58.5	57.6	56.4	55.8
Individual Insurance	6.9	6.6	6.2	6.0	6.0	5.6	5.5	5.5
Medicare	10.7	11.3	12.0	12.4	12.8	13.0	13.1	13.1
Medicaid	5.2	5.4	5.9	5.9	8.1	8.7	9.8	10.0
Uninsured	<u>10.8</u>	<u>11.6</u>	<u>13.0</u>	<u>13.6</u>	<u>14.7</u>	<u>15.0</u>	<u>15.2</u>	<u>15.7</u>
Total Population	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Congressional Budget Office.

NOTES: CBO is currently revising estimates of the distribution of insurance coverage, 1980-1993. The estimates presented here should be considered preliminary. Estimates and projections are based on data from the March Current Population Surveys. Note that the Current Population Surveys use a more restrictive definition of the population than the Social Security Administration figures used elsewhere in this report.

Numbers may not add to totals because of rounding.

- a. Projected.
- b. Includes coverage via the military, the Veterans Administration, and CHAMPUS, the Civilian Health and Medical Program of the Uniformed Services.

TABLE A-10. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, BY SOURCE OF FUNDS
(By calendar year)

Source of Funds	1965	1983	1987	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Private								
Health insurance	10	111	155	222	289	343	519	658
Out of pocket	19	81	109	136	162	182	246	291
Other	<u>2</u>	<u>18</u>	<u>22</u>	<u>31</u>	<u>37</u>	<u>42</u>	<u>59</u>	<u>73</u>
Subtotal	31	211	286	390	488	568	824	1,022
Public								
Federal	5	103	144	195	280	346	555	735
State and local	<u>5</u>	<u>44</u>	<u>64</u>	<u>91</u>	<u>130</u>	<u>156</u>	<u>234</u>	<u>295</u>
Subtotal	10	148	208	285	411	502	789	1,030
Total, National Health Expenditures	42	359	494	675	898	1,069	1,613	2,052
Percentage of Total								
Private								
Health insurance	24.0	31.1	31.4	32.9	32.2	32.1	32.1	32.1
Out of pocket	45.7	22.7	22.0	20.2	18.0	17.1	15.2	14.2
Other	<u>5.5</u>	<u>5.1</u>	<u>4.5</u>	<u>4.6</u>	<u>4.1</u>	<u>3.9</u>	<u>3.7</u>	<u>3.6</u>
Subtotal	75.3	58.8	57.9	57.8	54.3	53.1	51.1	49.8
Public								
Federal	11.6	28.8	29.1	28.8	31.2	32.3	34.4	35.8
State and local	<u>13.2</u>	<u>12.4</u>	<u>13.0</u>	<u>13.4</u>	<u>14.5</u>	<u>14.6</u>	<u>14.5</u>	<u>14.4</u>
Subtotal	24.7	41.2	42.1	42.2	45.7	46.9	48.9	50.2
Total, National Health Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Annual Growth Rate from Previous Year Shown (Percent)								
Private								
Health insurance	n.a.	14.3	8.6	12.7	9.2	8.9	8.6	8.3
Out of pocket	n.a.	8.4	7.5	7.8	5.8	6.2	6.2	5.8
Other	n.a.	12.2	5.1	12.2	5.3	7.1	7.2	7.1
All Private Health Expenditures	n.a.	11.2	7.9	10.9	7.7	7.9	7.7	7.5
Public								
Federal	n.a.	18.6	8.6	10.6	13.0	11.0	10.0	9.8
State and local	n.a.	12.3	9.7	12.0	12.9	9.4	8.5	8.0
All Public Health Expenditures	n.a.	15.9	8.9	11.1	12.9	10.5	9.5	9.3
National Health Expenditures	n.a.	12.7	8.3	11.0	10.0	9.1	8.6	8.3
Memorandum:								
Average Annual Growth of GDP (Percent) ^b	n.a.	9.2	7.5	6.7	4.3	5.3	5.0	4.7

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable; GDP = gross domestic product. Numbers may not add to totals because of rounding.

a. Projected.

b. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

TABLE A-11. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES IN THE PUBLIC SECTOR, BY SOURCE OF FUNDS (By calendar year)

Source of Funds	1965	1983	1987	1990	1993 ^a	1995 ^a	2000 ^a	2003 ^a
Billions of Dollars								
Private	31	211	286	390	488	568	824	1,022
Federal								
Medicare	0	60	83	111	151	187	307	416
Medicaid	0	19	28	43	79	103	175	235
Other	<u>5</u>	<u>24</u>	<u>33</u>	<u>41</u>	<u>50</u>	<u>56</u>	<u>73</u>	<u>84</u>
Subtotal	5	103	144	195	280	346	555	735
State and Local								
Medicaid	0	16	23	33	60	77	132	177
Other	<u>5</u>	<u>28</u>	<u>42</u>	<u>58</u>	<u>71</u>	<u>79</u>	<u>102</u>	<u>117</u>
Subtotal	5	44	64	91	130	156	234	295
Total, National Health Expenditures	42	359	494	675	898	1,069	1,613	2,052
Percentage of Total								
Private	75.3	58.8	57.9	57.8	54.3	53.1	51.1	49.8
Federal								
Medicare	0	16.7	16.8	16.4	16.8	17.5	19.0	20.3
Medicaid	0	5.4	5.6	6.3	8.8	9.6	10.9	11.4
Other	<u>11.6</u>	<u>6.7</u>	<u>6.6</u>	<u>6.1</u>	<u>5.6</u>	<u>5.2</u>	<u>4.5</u>	<u>4.1</u>
Subtotal	11.6	28.8	29.1	28.8	31.2	32.3	34.4	35.8
State and Local								
Medicaid	0	4.5	4.6	4.8	6.6	7.2	8.2	8.6
Other	<u>13.2</u>	<u>7.9</u>	<u>8.4</u>	<u>8.6</u>	<u>7.9</u>	<u>7.4</u>	<u>6.3</u>	<u>5.7</u>
Subtotal	13.2	12.4	13.0	13.4	14.5	14.6	14.5	14.4
Total, National Health Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Annual Growth Rate from Previous Year Shown (Percent)								
Private	n.a.	11.2	7.9	10.9	7.7	7.9	7.7	7.5
Federal								
Medicare	n.a.	n.a.	8.5	10.1	10.9	11.3	10.4	10.6
Medicaid	n.a.	n.a.	9.7	15.3	22.8	13.8	11.3	10.2
Other	n.a.	9.4	7.9	7.8	6.8	5.5	5.4	5.2
All Federal Health Expenditures	n.a.	18.6	8.6	10.6	13.0	11.0	10.0	9.8
State and Local								
Medicaid	n.a.	n.a.	9.2	12.7	22.3	13.8	11.3	10.2
Other	n.a.	9.6	10.0	11.7	6.8	5.6	5.3	4.9
All State and Local Health Expenditures	n.a.	12.3	9.7	12.0	12.9	9.4	8.5	8.0
National Health Expenditures	n.a.	12.7	8.3	11.0	10.0	9.1	8.6	8.3
Memorandum:								
Average Annual Growth of GDP (Percent) ^b	n.a.	9.2	7.5	6.7	4.3	5.3	5.0	4.7

SOURCE: Congressional Budget Office.

NOTES: n.a. = not applicable; GDP = gross domestic product. Numbers may not add to totals because of rounding.

a. Projected.

b. Economic assumptions reflect the Congressional Budget Office forecast of September 1993.

TABLE A-12. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, 1993-2003, BY TYPE OF SPENDING (By calendar year)

Type of Spending	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Billions of Dollars											
Personal Health Expenditures											
Hospital	340	370	400	434	470	511	555	604	657	715	778
Physician	168	186	204	224	244	267	290	315	342	370	401
Dental	43	47	50	53	57	61	65	69	73	78	83
Other professional	47	54	61	69	78	88	99	110	123	138	153
Home health	18	23	27	31	35	39	43	47	52	57	62
Drugs, other nondurables	70	75	80	86	92	98	105	112	120	128	137
Vision and durables	14	15	16	18	19	20	22	23	24	26	28
Nursing home	74	82	91	99	108	117	127	138	150	162	176
Other personal	<u>18</u>	<u>20</u>	<u>22</u>	<u>24</u>	<u>26</u>	<u>29</u>	<u>31</u>	<u>34</u>	<u>36</u>	<u>39</u>	<u>42</u>
Subtotal	794	871	951	1,037	1,129	1,229	1,337	1,453	1,578	1,713	1,860
Other Health Expenditures^a	<u>105</u>	<u>111</u>	<u>118</u>	<u>126</u>	<u>134</u>	<u>142</u>	<u>151</u>	<u>161</u>	<u>171</u>	<u>181</u>	<u>192</u>
Total, National Health Expenditures	898	982	1,069	1,163	1,263	1,372	1,488	1,613	1,748	1,894	2,052
Annual Percentage Change											
Personal Health Expenditures											
Hospital	8.4	8.6	8.4	8.3	8.4	8.6	8.7	8.8	8.8	8.8	8.8
Physician	9.1	10.4	9.8	9.5	9.3	9.1	8.8	8.6	8.5	8.4	8.3
Dental	7.8	7.5	7.2	7.0	6.8	6.7	6.6	6.5	6.3	6.2	6.1
Other professional	14.4	14.0	13.6	13.2	12.9	12.6	12.3	12.0	11.7	11.5	11.4
Home health	31.2	23.4	17.7	15.5	13.3	12.2	10.5	9.9	9.7	9.5	9.3
Drugs, other nondurables	6.6	6.7	6.9	7.2	7.3	7.1	6.9	6.8	6.8	6.8	6.7
Vision and durables	7.7	7.4	7.2	7.2	7.1	6.9	6.6	6.6	6.5	6.5	6.5
Nursing home	11.2	10.7	9.8	9.4	8.9	8.7	8.5	8.4	8.5	8.5	8.5
Other personal	13.5	12.4	10.7	9.5	9.1	8.9	8.4	8.3	8.2	8.1	8.0
All Personal Expenditures	9.5	9.7	9.2	9.0	8.9	8.9	8.7	8.7	8.6	8.6	8.6
Other Health Expenditures^a	6.6	6.5	6.4	6.4	6.4	6.3	6.3	6.2	6.2	6.2	6.1
National Health Expenditures	9.1	9.3	8.9	8.7	8.6	8.6	8.5	8.4	8.4	8.3	8.3

SOURCE: Congressional Budget Office.

NOTE: Numbers may not add to totals because of rounding.

a. Includes administration, government public health, research, and construction.

TABLE A-13. PROJECTIONS OF NATIONAL HEALTH EXPENDITURES, 1993-2003, BY SOURCE OF FUNDS (By calendar year)

Source of Funds	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Billions of Dollars											
Private											
Out of pocket	162	172	182	194	206	219	233	246	260	275	291
Private health insurance	289	315	343	374	407	441	478	519	562	608	658
Other	<u>37</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>	<u>52</u>	<u>56</u>	<u>59</u>	<u>64</u>	<u>68</u>	<u>73</u>
Subtotal	488	526	568	614	661	712	766	824	886	952	1,022
Federal											
Medicare	151	169	187	206	228	252	278	307	340	376	416
Medicaid	79	91	103	115	128	143	158	175	194	214	235
Other	<u>50</u>	<u>53</u>	<u>56</u>	<u>59</u>	<u>62</u>	<u>65</u>	<u>69</u>	<u>73</u>	<u>76</u>	<u>80</u>	<u>84</u>
Subtotal	280	312	346	379	418	460	505	555	610	670	735
State and Local											
Medicaid	60	69	77	86	96	108	119	132	146	161	177
Other	<u>71</u>	<u>75</u>	<u>79</u>	<u>83</u>	<u>87</u>	<u>92</u>	<u>97</u>	<u>102</u>	<u>107</u>	<u>112</u>	<u>117</u>
Subtotal	130	143	156	169	184	200	216	234	253	273	295
Total, National Health Expenditures	898	982	1,069	1,163	1,263	1,372	1,488	1,613	1,748	1,894	2,052
Annual Percentage Change											
Private											
Out of pocket	6.4	6.5	5.9	6.6	6.1	6.3	6.0	5.8	5.7	5.9	5.9
Private health insurance	9.8	8.8	9.0	9.0	8.6	8.5	8.4	8.4	8.4	8.3	8.2
Other	6.0	7.1	7.1	7.4	7.4	7.3	7.0	7.1	7.1	7.1	7.1
All Private Expenditures	8.4	7.9	7.9	8.1	7.8	7.7	7.6	7.5	7.5	7.5	7.4
Federal											
Medicare	10.2	11.5	11.1	10.0	10.6	10.4	10.5	10.5	10.6	10.6	10.6
Medicaid	13.7	14.9	12.7	11.8	11.6	11.5	11.1	10.8	10.5	10.2	10.0
Other	5.7	5.6	5.5	5.6	5.5	5.5	5.3	5.2	5.2	5.2	5.2
All Federal Expenditures	10.3	11.4	10.6	9.8	10.1	10.0	9.9	9.9	9.8	9.8	9.8
State and Local											
Medicaid	13.7	14.9	12.7	11.8	11.6	11.5	11.1	10.8	10.5	10.2	10.0
Other	6.1	5.7	5.4	5.5	5.4	5.4	5.1	5.0	4.9	4.9	4.8
All State and Local Expenditures	9.4	9.9	8.9	8.6	8.6	8.6	8.3	8.2	8.1	7.9	7.9
National Health Expenditures	9.1	9.3	8.9	8.7	8.6	8.6	8.5	8.4	8.4	8.3	8.3

SOURCE: Congressional Budget Office.

NOTE: Numbers may not add to totals because of rounding.

TABLE A-14. HEALTH INSURANCE PRIMARY COVERAGE, 1993-2003, BY TYPE OF COVERAGE
(By calendar year)

Type of Coverage	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Millions of People											
Employment-Based Insurance ^a	148.6	148.7	149.2	149.7	150.2	150.8	151.5	152.2	152.8	153.4	154.0
Individual Insurance	15.1	14.7	14.6	14.5	14.6	14.7	14.8	14.9	15.0	15.0	15.1
Medicare	32.6	33.2	33.7	34.2	34.7	35.1	35.3	35.5	35.7	35.9	36.2
Medicaid	20.5	21.7	22.6	23.6	24.6	25.4	26.0	26.4	26.8	27.2	27.7
Uninsured	<u>37.4</u>	<u>38.3</u>	<u>38.8</u>	<u>39.3</u>	<u>39.5</u>	<u>39.9</u>	<u>40.4</u>	<u>41.1</u>	<u>41.9</u>	<u>42.6</u>	<u>43.3</u>
Total Population	254.2	256.7	259.1	261.4	263.6	265.8	268.0	270.1	272.2	274.2	276.2
Percentage of Population											
Employment-Based Insurance ^a	58.5	57.9	57.6	57.3	57.0	56.7	56.5	56.4	56.1	55.9	55.8
Individual Insurance	6.0	5.7	5.6	5.6	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Medicare	12.8	12.9	13.0	13.1	13.2	13.2	13.2	13.1	13.1	13.1	13.1
Medicaid	8.1	8.5	8.7	9.0	9.3	9.5	9.7	9.8	9.9	9.9	10.0
Uninsured	<u>14.7</u>	<u>14.9</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.1</u>	<u>15.2</u>	<u>15.4</u>	<u>15.5</u>	<u>15.7</u>
Total Population	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Congressional Budget Office.

NOTES: Estimates and projections are based on data from the March Current Population Surveys.

Numbers may not add to totals because of rounding.

a. Includes coverage via the military, the Veterans Administration, and CHAMPUS, the Civilian Health and Medical Program of the Uniformed Services.