

Federal Health Spending Update

May 16, 2023

Presentation at a Trustee Briefing of the Committee for Economic Development of The Conference Board

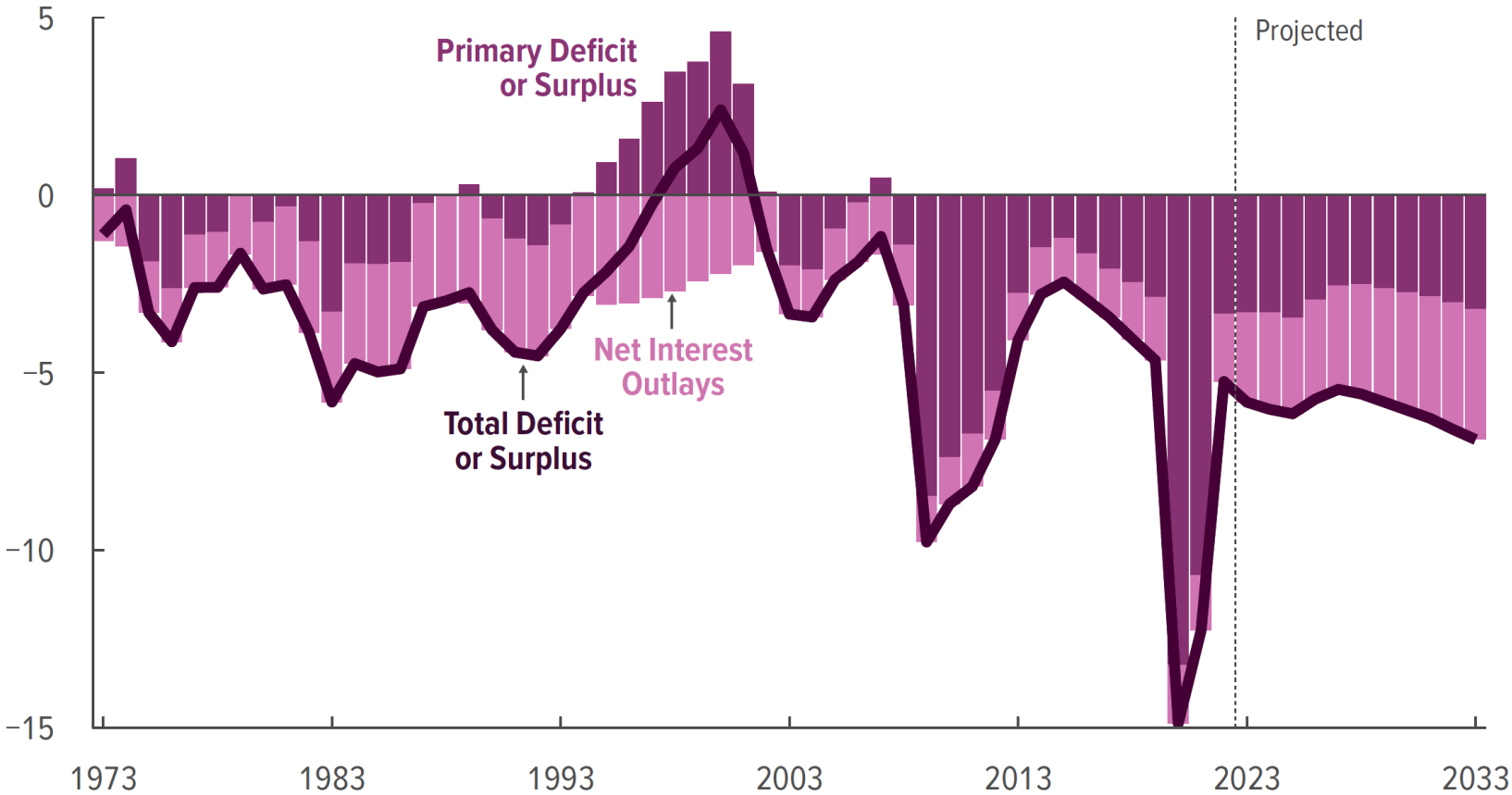
Carrie Colla

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The Budgetary Context

Total Deficits, Primary Deficits, and Net Interest Outlays

Percentage of Gross Domestic Product



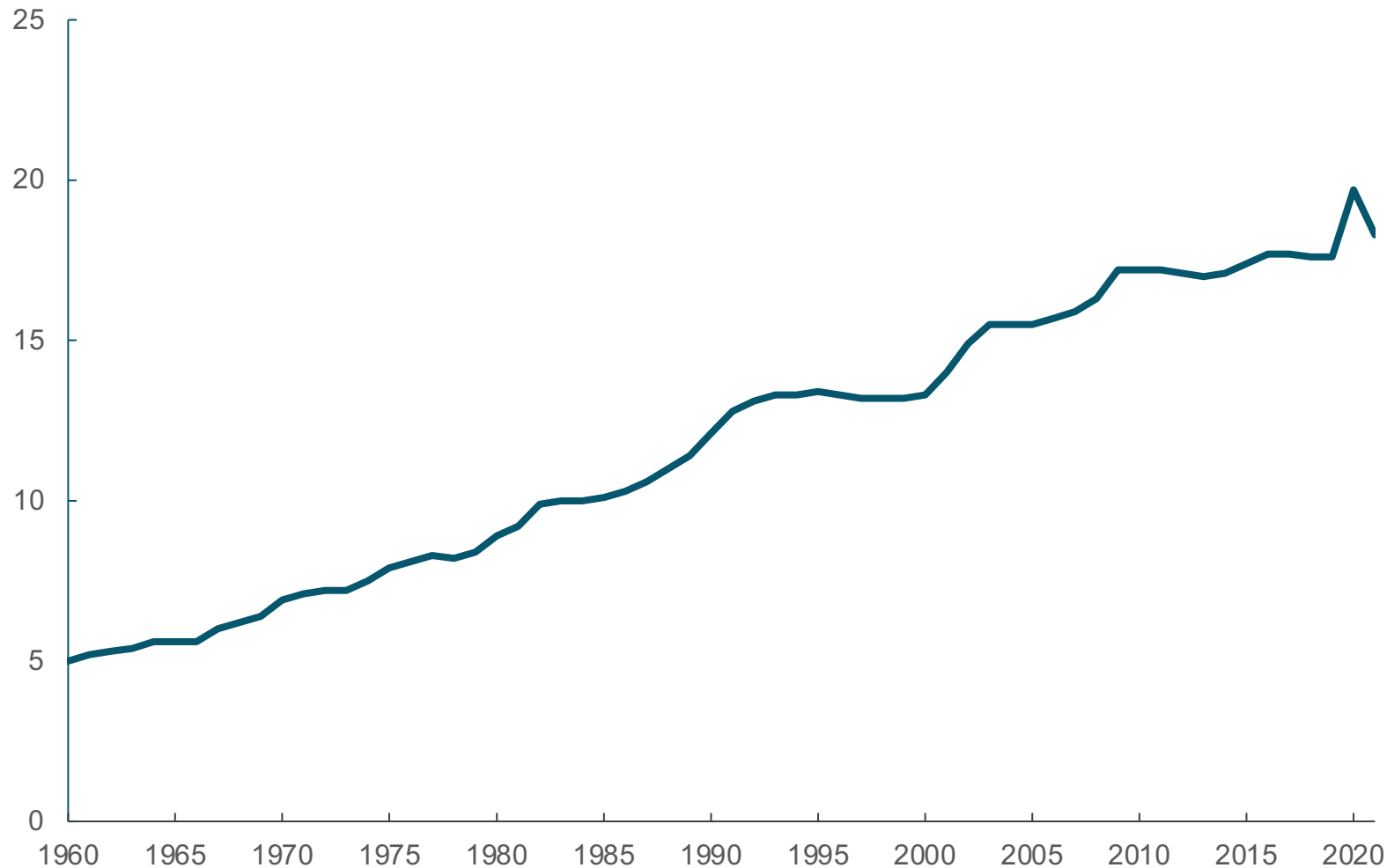
In CBO's updated projections, net interest outlays increase by 1.1 percent of GDP from 2023 to 2033 and are the main contributor to the growth of total deficits. Primary deficits decrease by 0.1 percent of GDP over that period.

Health Care in the Budget



National Health Expenditures

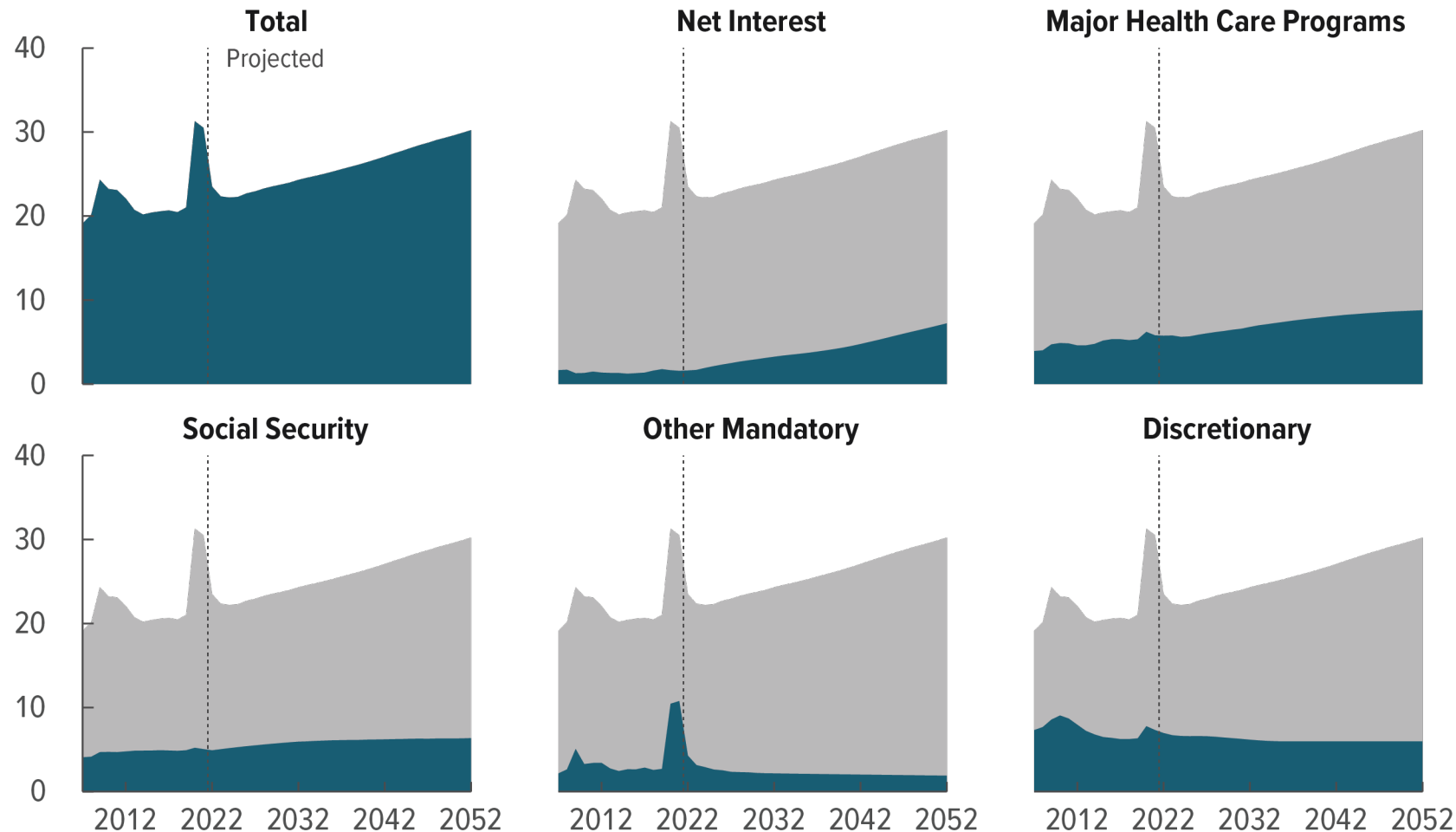
Percentage of Gross Domestic Product



Health care spending in the United States has grown over time. Since 1960, it has more than tripled as a percentage of GDP.

Federal Spending, by Category

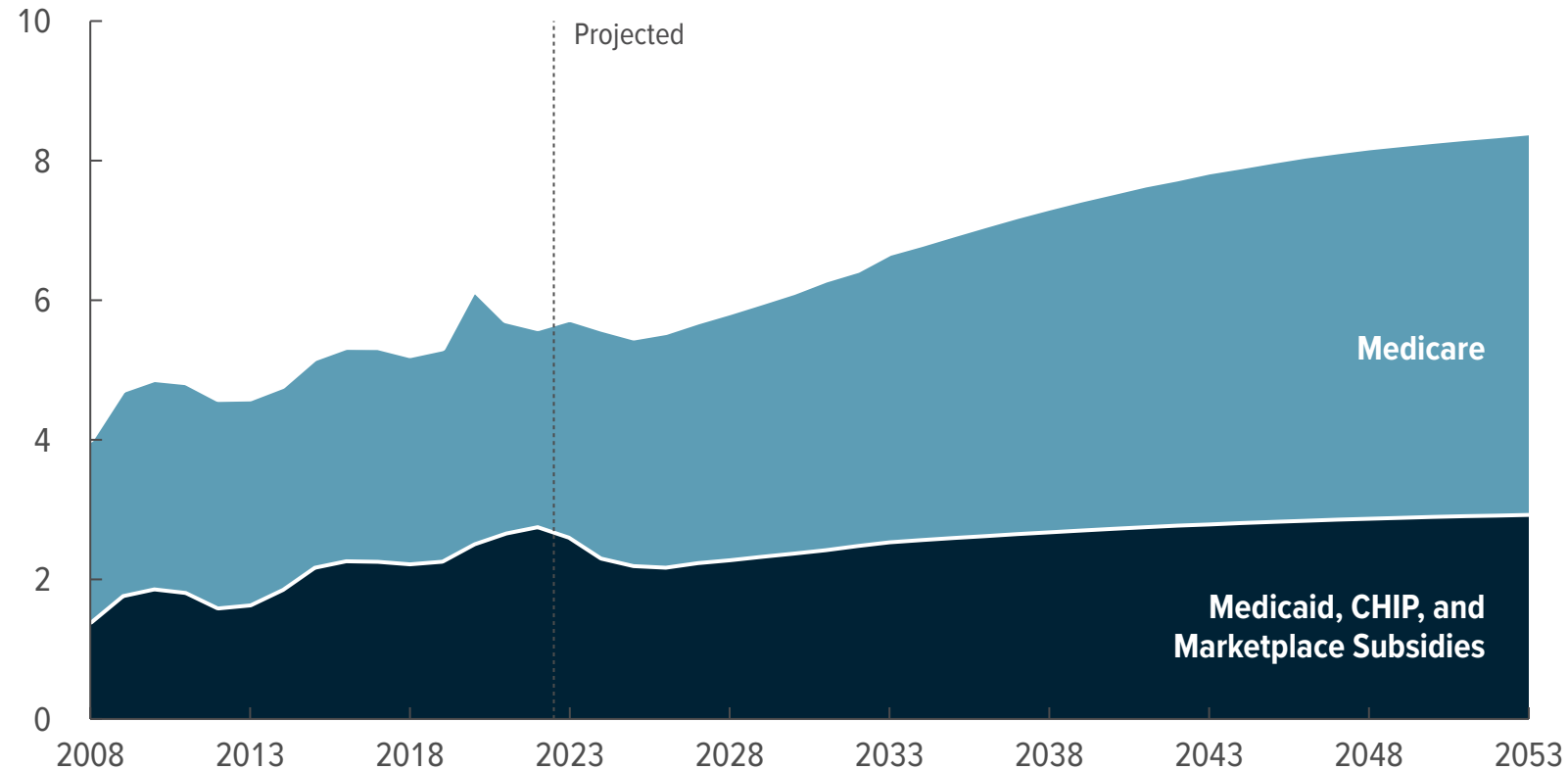
Percentage of Gross Domestic Product



Over the long term, net spending for interest and outlays for the major health care programs and Social Security are projected to rise in relation to GDP; other spending, in total, is projected to decline.

Federal Outlays for Major Health Care Programs

Percentage of Gross Domestic Product

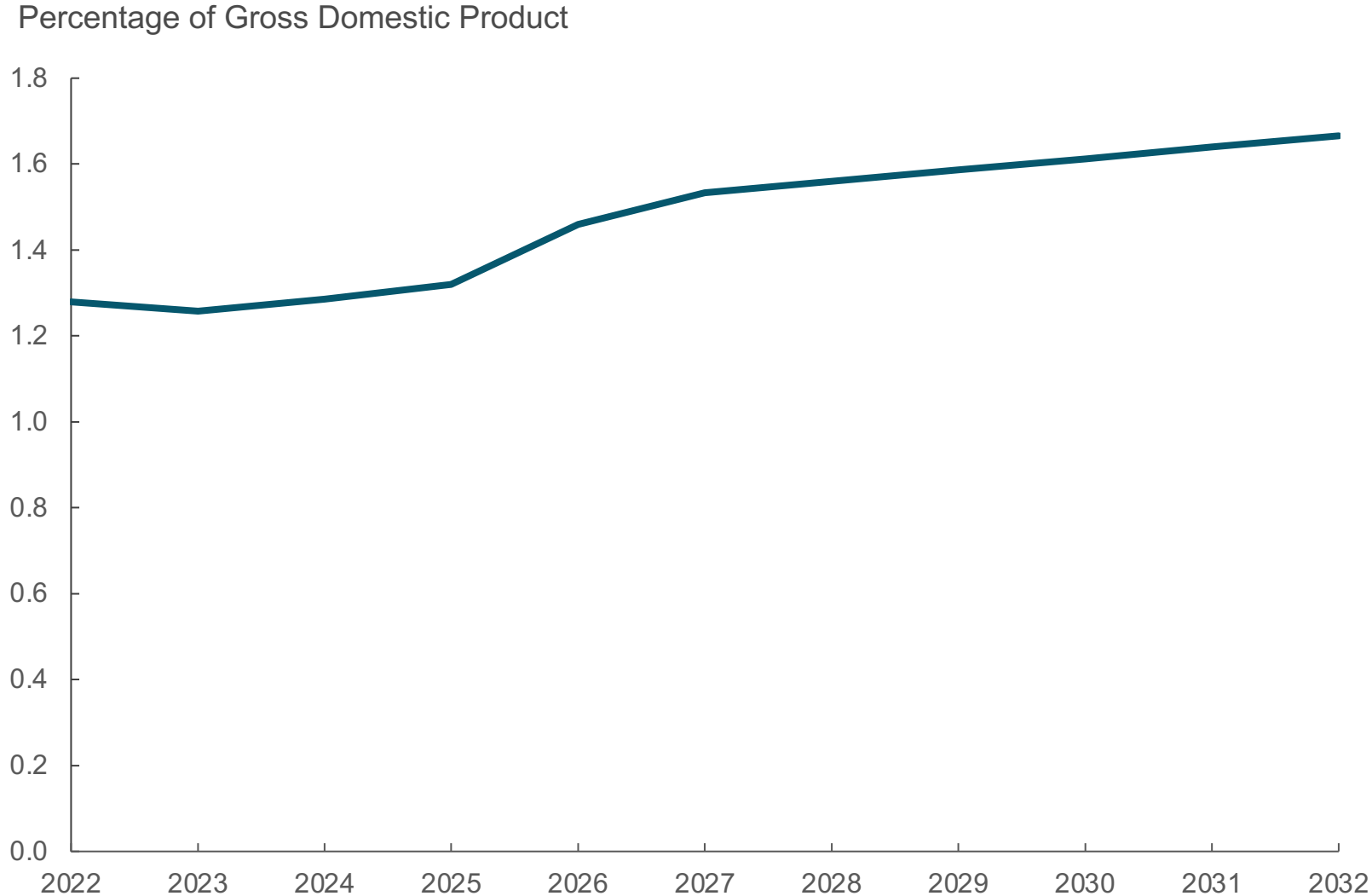


Projections for Major Health Care Programs for FY 2023

Billions of Dollars

Medicare	820
Medicaid	589
Marketplace Subsidies	81
Children's Health Insurance Program	18

Subsidies for Employment-Based Health Insurance Coverage



As a percentage of GDP, federal subsidies for employment-based coverage are projected to grow over the coming decade.



Health Policy After the Pandemic

Types of CBO Products About Health Care

Ongoing Analysis

- Budget baseline
 - Impact of the coronavirus pandemic
 - Demographics (fertility, mortality)
- Insurance coverage
- Projections of health care spending

Recent Reports

- A description of who was uninsured in 2019 and why
- Review of health care prices by payer
- Single-payer series: budget impact, financing, macroeconomic impact
- Drug prices and innovation

Recent Analysis of Legislation, Including Cost Estimates

- Surprise billing
- Legislation in response to the pandemic
 - Medicaid continuous coverage
 - Timing of the public health emergency
- Expansion of Affordable Care Act (ACA) subsidies in the American Rescue Plan Act (ARPA)
- Medicare expansions: dental, vision, hearing
- Drug price negotiation
- Redesign of Medicare Part D benefit
- Immunosuppressant drugs

Post-Pandemic Issues CBO is Monitoring

- Demand for services
- Telehealth
- Workforce issues and their role in supply of care
- Mental health and substance use
- Continuous eligibility and redetermination in Medicaid
- Other issues