The Next Decade of National Health Spending: What To Expect

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National Health Expenditures (NHE) As A Share Of Gross Domestic Product (GDP), 1989-2013

**Years containing recession and two years immediately following**
- **1990-93**: Average Annual growth
  - NHE: 9.2
  - GDP: 5.0
- **1994-2000**: NHE: 5.9
  - GDP: 5.9
- **2001-03**: NHE: 8.9
  - GDP: 3.8
- **2004-2007**: NHE: 6.7
  - GDP: 5.9
- **2008-11**: NHE: 4.1
  - GDP: 1.7
- **2012-13**: NHE: 3.9
  - GDP: 4.0

**Within-period linear trend**

**SOURCES:** Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; National Bureau of Economic Research; and US Department of Commerce, Bureau of Economic Analysis
Health Spending Drivers

Recent History (2010-13)
- Aging
- Some ACA provisions (Fees, early Medicaid expansion, insurance reforms, <26, PCIP)

Projected Period (thru 2023)
- Aging
- Fees
- Economics
  - Income & use
  - Coverage
- Overall price inflation
- Medical-specific price inflation
- Coverage Expansions (Medicaid/Marketplace)
- Medicare utilization
- Cost ↑ innovation; specialty drugs

Economics
- Income & use
- Coverage
- Overall price inflation
- Medical-specific price inflation
- Generic drugs (patent cliff; GDR)
- MLR; Rate review
- Sequestration
- Medicare payments
- Medicare utilization
- Benefit design changes (HDHP)
- Shifting site of care

Delivery Reforms?
- Medical-specific price inflation
  - Rate review
  - Medicare payments
- Benefit design changes
  - HDHP
  - Excise tax
- Shifting site of care

Cost ↓ Technology?
Growth in National Health Expenditures (NHE), Gross Domestic Product (GDP), and the Health Share of GDP, 1990-2023

- NHE Growth (Blue Dash)
  - 2013-23 Avg. Annual Growth: 5.7%

- Nominal GDP Growth (Red Dot)
  - 2013-23 Avg. Annual Growth: 4.6%

- Health Share Of GDP
  - 2023: 19.3%

Source: Sisko AM et al., “National health expenditure projections, 2013–23: faster growth expected with expanded coverage and improving economy,” Health Aff (Millwood) 2014; 33 (10) (Published online 3 September 2014).
Projected NHE by Payer and Sponsor, 2012 vs. 2023

Distribution of Spending

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out Of Pocket</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Private Health Insurance</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td>Medicare</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>All Other</td>
<td>20%</td>
<td>19%</td>
</tr>
</tbody>
</table>

NOTE: Sum of pieces may not equal 100% due to rounding.
Projected Insurance Coverage, 2012 vs. 2023

Percentage of U.S. Population

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Medicare</th>
<th>ESI</th>
<th>Other PHI</th>
<th>Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>18%</td>
<td>16%</td>
<td>7%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>2023</td>
<td>23%</td>
<td>20%</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

NOTE: Coverage type reflects all individuals with coverage, including those with multiple coverage types.