



**Congressional Budget Office**

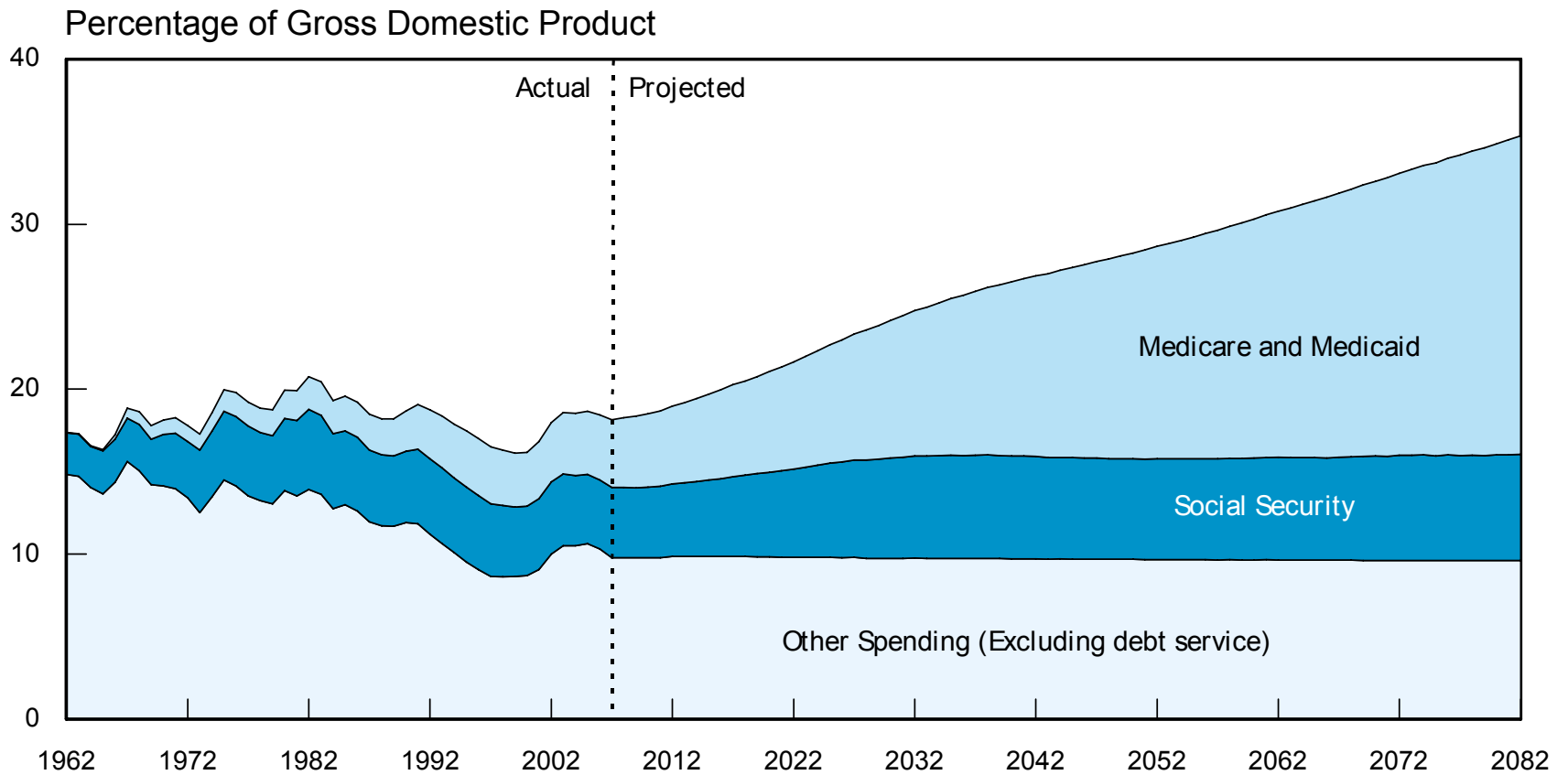
**Presentation to the National Health Policy Forum**

# **The Outlook for Health Care Spending**

**January 16, 2007**

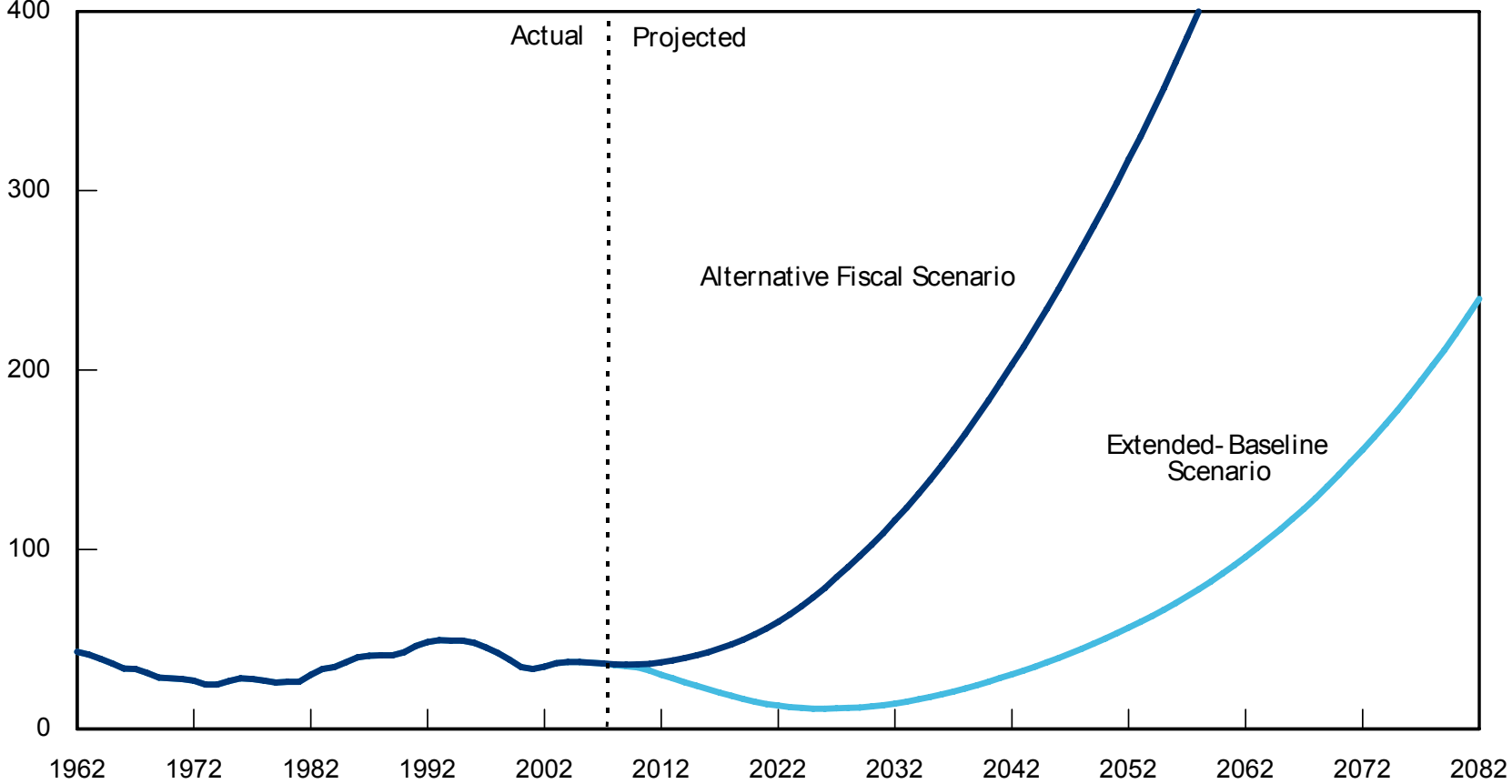


# Federal Spending Under CBO's Alternative Fiscal Scenario





# Federal Debt Held by the Public as a Percentage of Gross Domestic Product Under CBO's Long-Term Budget Scenarios





# Federal Fiscal Imbalance Under CBO's Long-Term Budget Scenarios

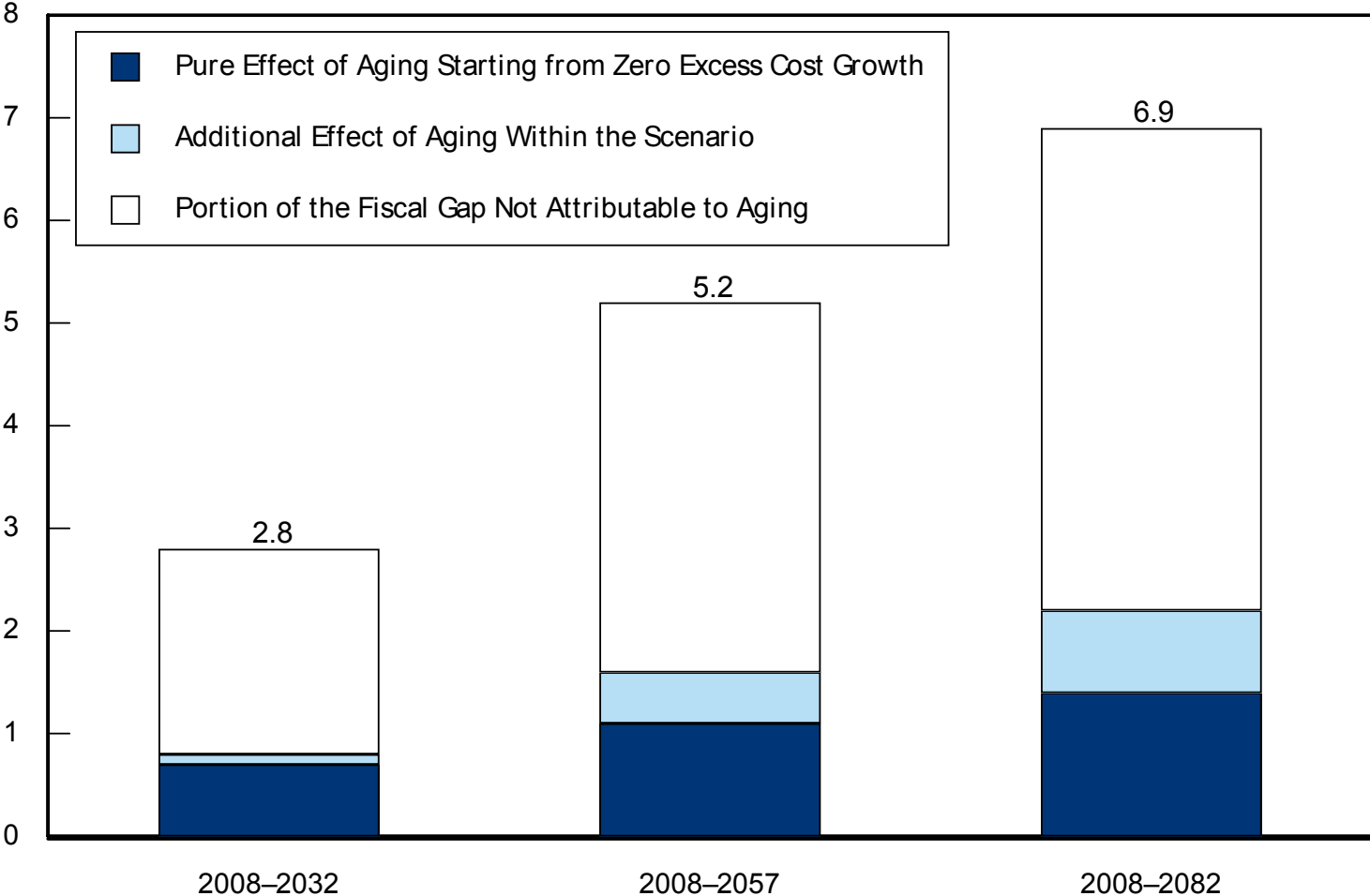
Percentage of Gross Domestic Product

Projection Period	Revenues	Outlays	Fiscal Gap
<b>Extended-Baseline Scenario</b>			
25 Years (2008–2032)	20.2	19.5	-0.7
50 Years (2008–2057)	21.3	21.9	0.6
75 Years (2008–2082)	22.1	23.8	1.7
<b>Alternative Fiscal Scenario</b>			
25 Years (2008–2032)	18.6	21.4	2.8
50 Years (2008–2057)	18.8	24.1	5.2
75 Years (2008–2082)	19.2	26.1	6.9



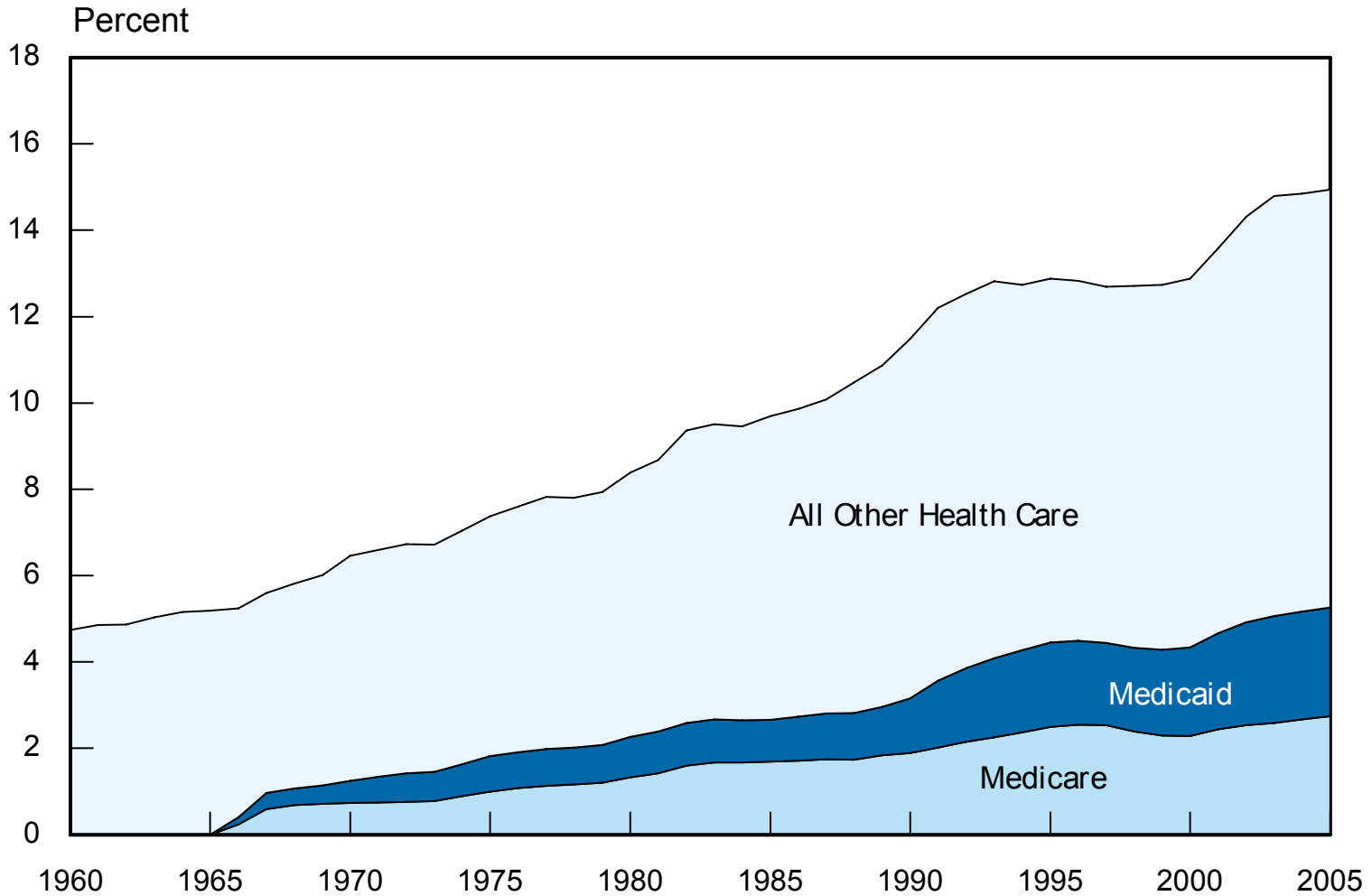
# Contribution of Aging to the Fiscal Gap Under CBO's Alternative Fiscal Scenario

Percentage of Gross Domestic Product





# Spending on Health Care as a Percentage of Gross Domestic Product





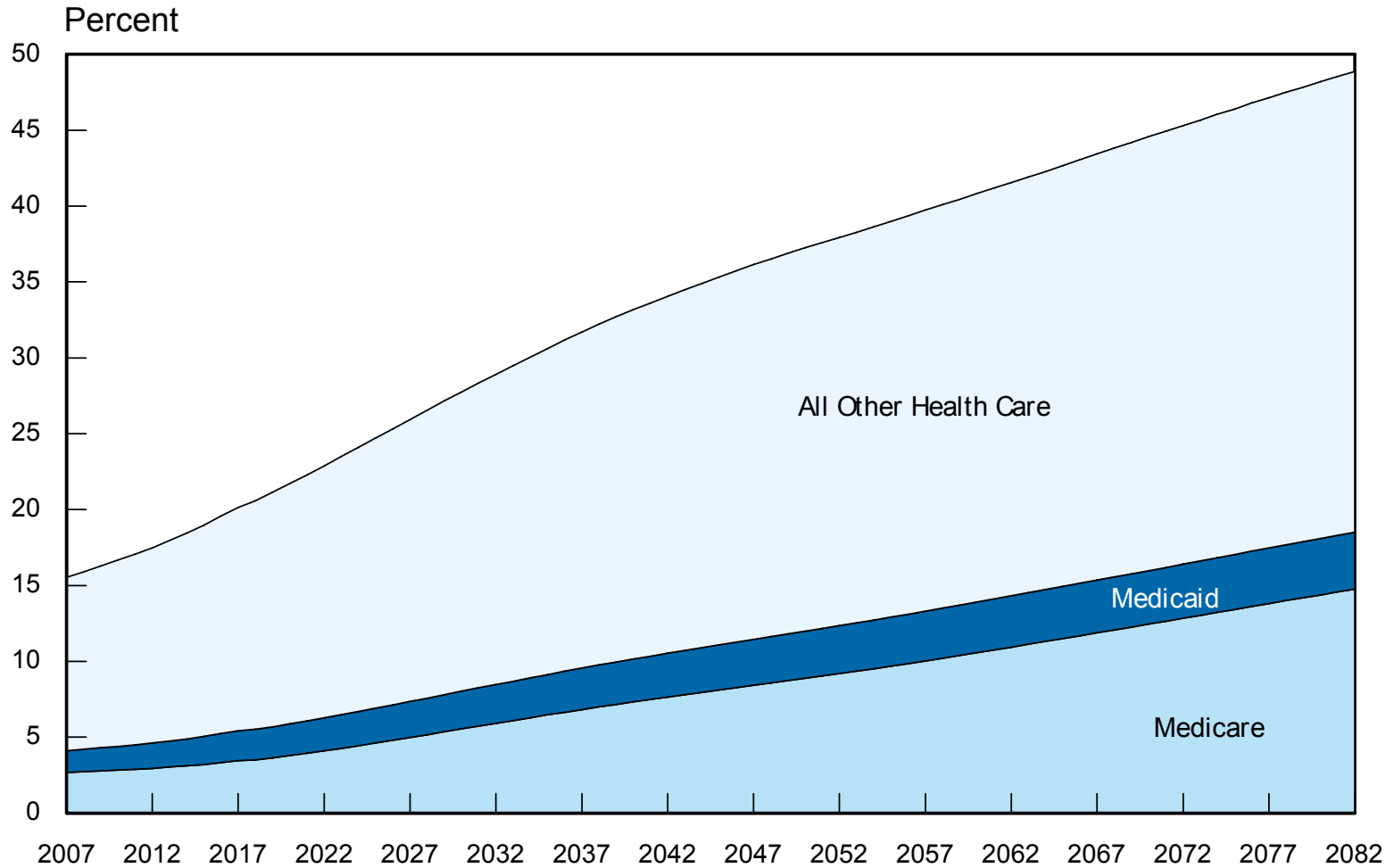
# Excess Cost Growth in Medicare, Medicaid, and All Other Spending on Health Care

Percentage Points

	Medicare	Medicaid	All Other	Total
1975 to 1990	2.9	2.9	2.4	2.6
1990 to 2005	1.8	1.3	1.4	1.5
1975 to 2005	2.4	2.2	2.0	2.1

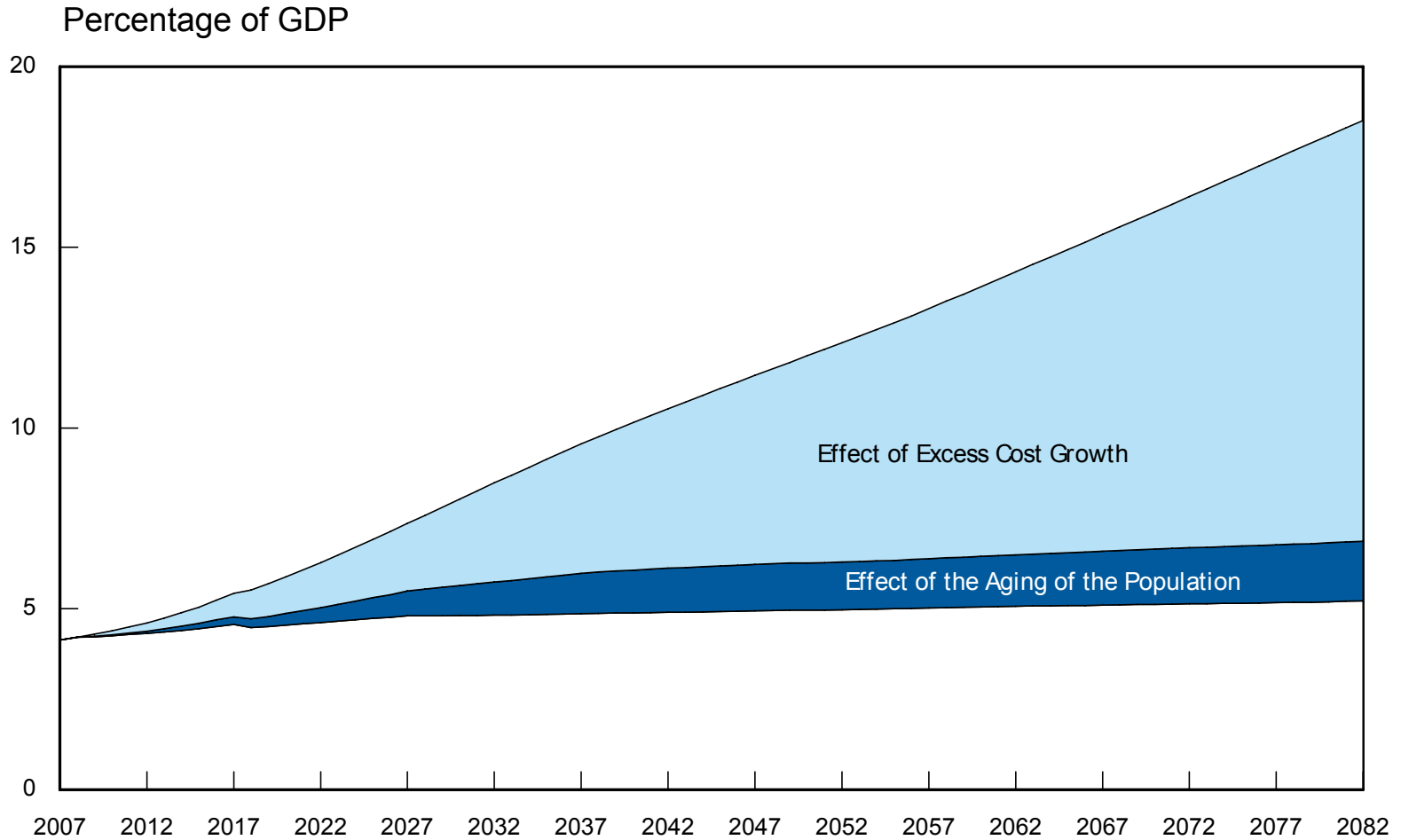


# Projected Spending on Health Care as a Percentage of Gross Domestic Product



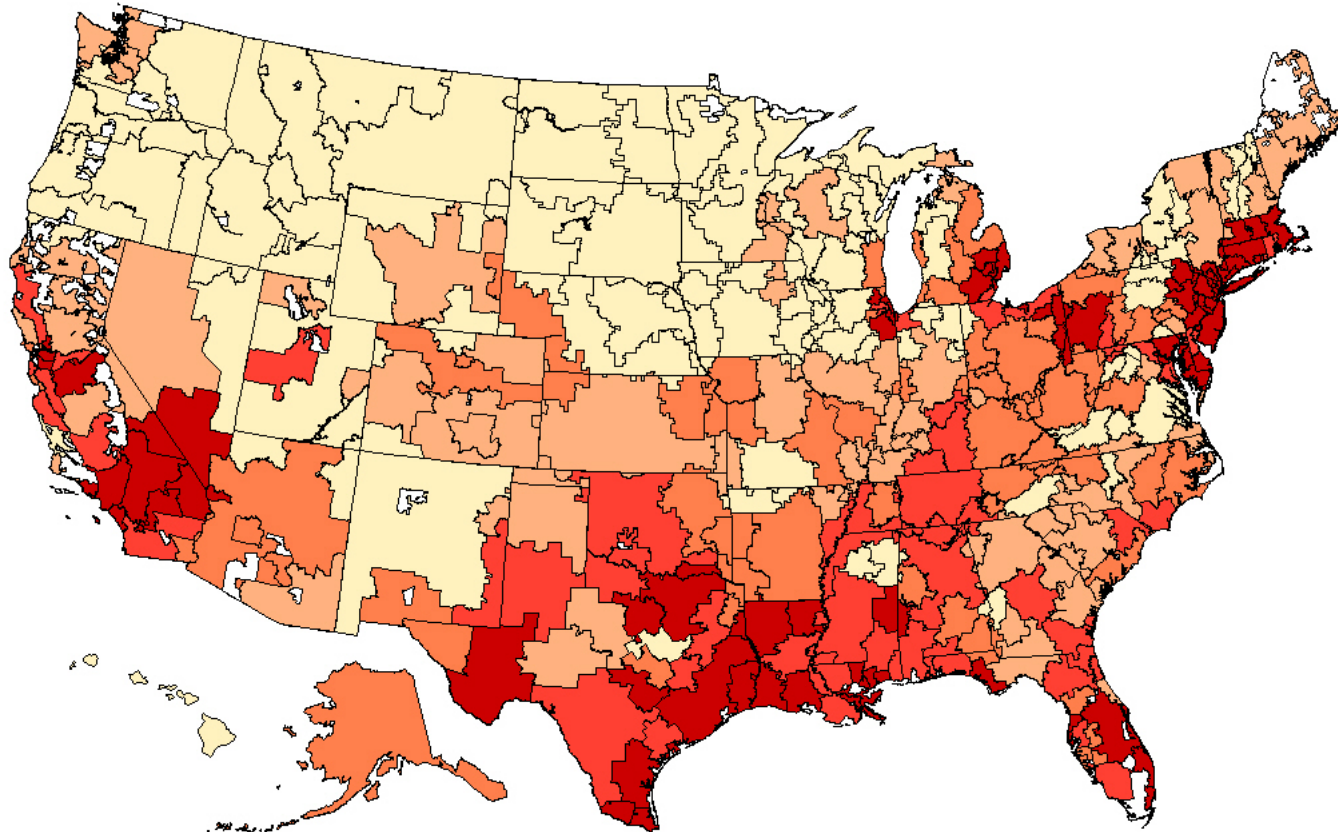








# Sources of Growth in Projected Federal Spending on Medicare and Medicaid





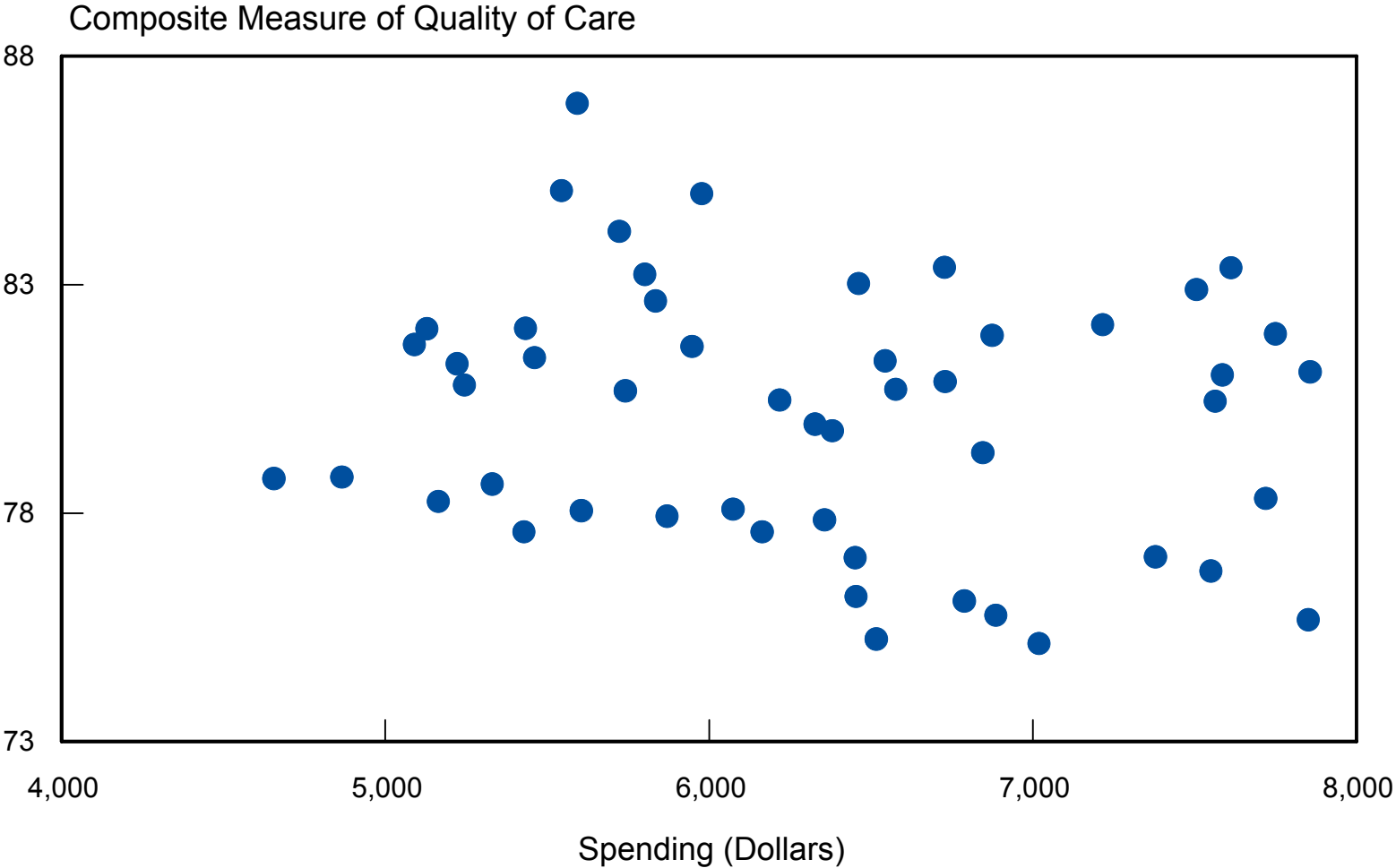
# Medicare Spending per Capita in the United States, by Hospital Referral Region, 2003



 \$7,200 to 11,600 (74)	 6,300 to <6,800 (55)	 4,500 to <5,800 (72)
 6,800 to < 7,200 (45)	 5,800 to <6,300 (60)	 Not Populated



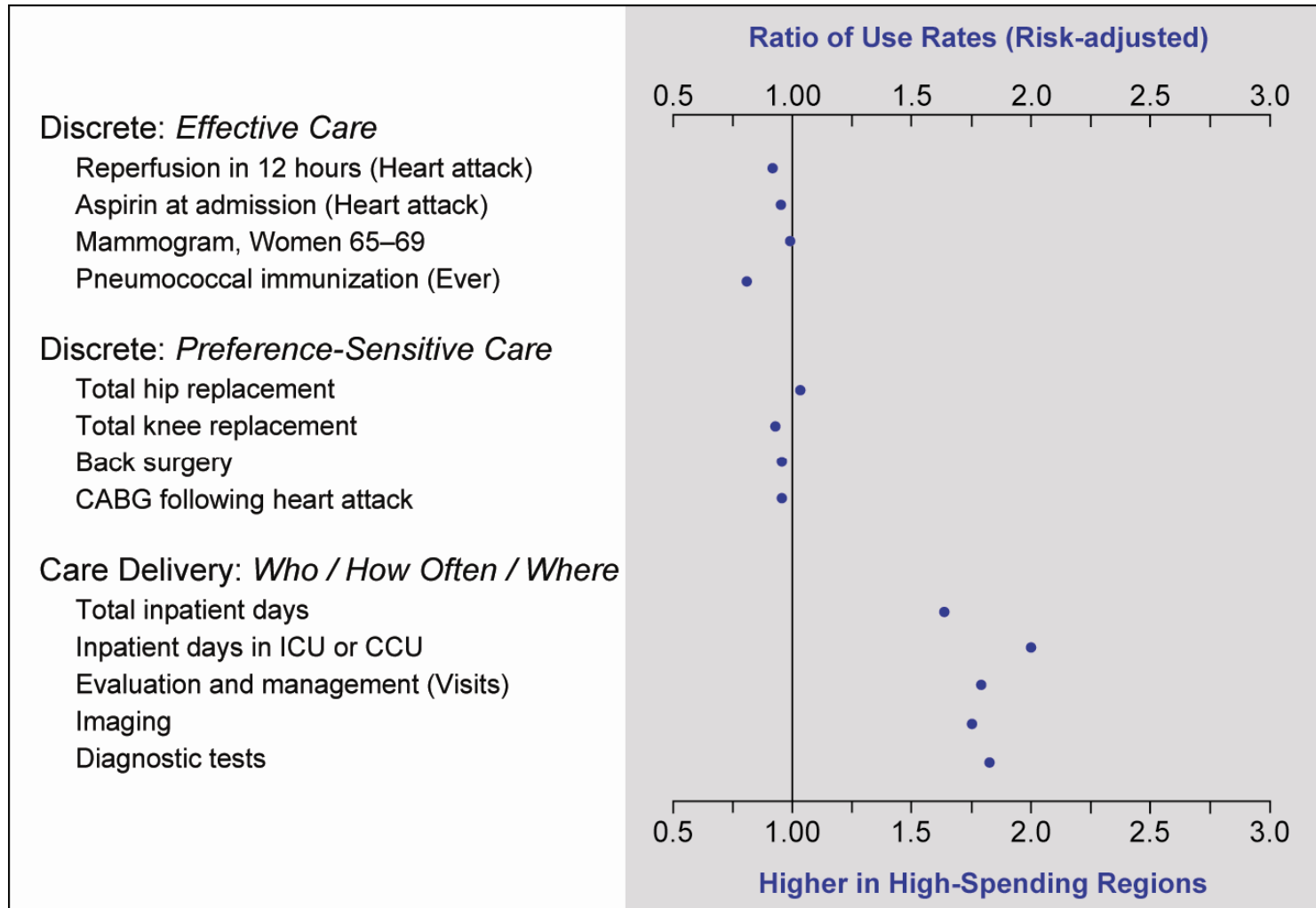
# The Relationship Between Quality and Medicare Spending, by State, 2004



Source: Data from AHRQ and CMS.



# What Additional Services Are Provided in High-Spending Regions?





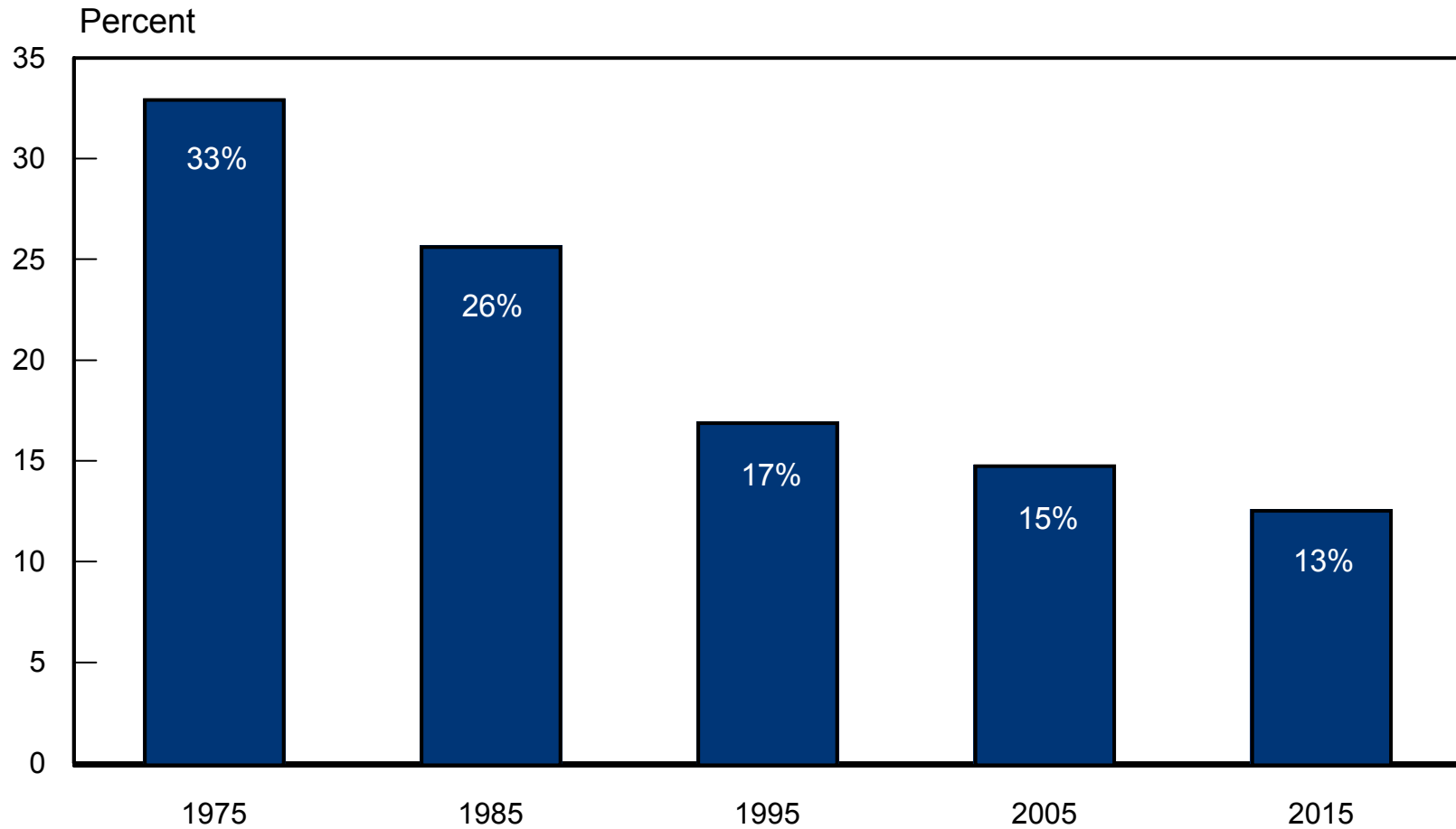
## Variations Among Academic Medical Centers

*Use of Biologically Targeted Interventions and Care-Delivery Methods Among Three of U.S. News and World Report's "Honor Roll" AMCs*

	<b>UCLA Medical Center</b>	<b>Massachusetts General Hospital</b>	<b>Mayo Clinic (St. Mary's Hospital)</b>
<b>Biologically Targeted Interventions: Acute Inpatient Care</b>			
CMS composite quality score	81.5	85.9	90.4
<b>Care Delivery—and Spending—Among Medicare Patients in Last Six Months of Life</b>			
Total Medicare spending	50,522	40,181	26,330
Hospital days	19.2	17.7	12.9
Physician visits	52.1	42.2	23.9
Ratio, medical specialist / primary care	2.9	1.0	1.1

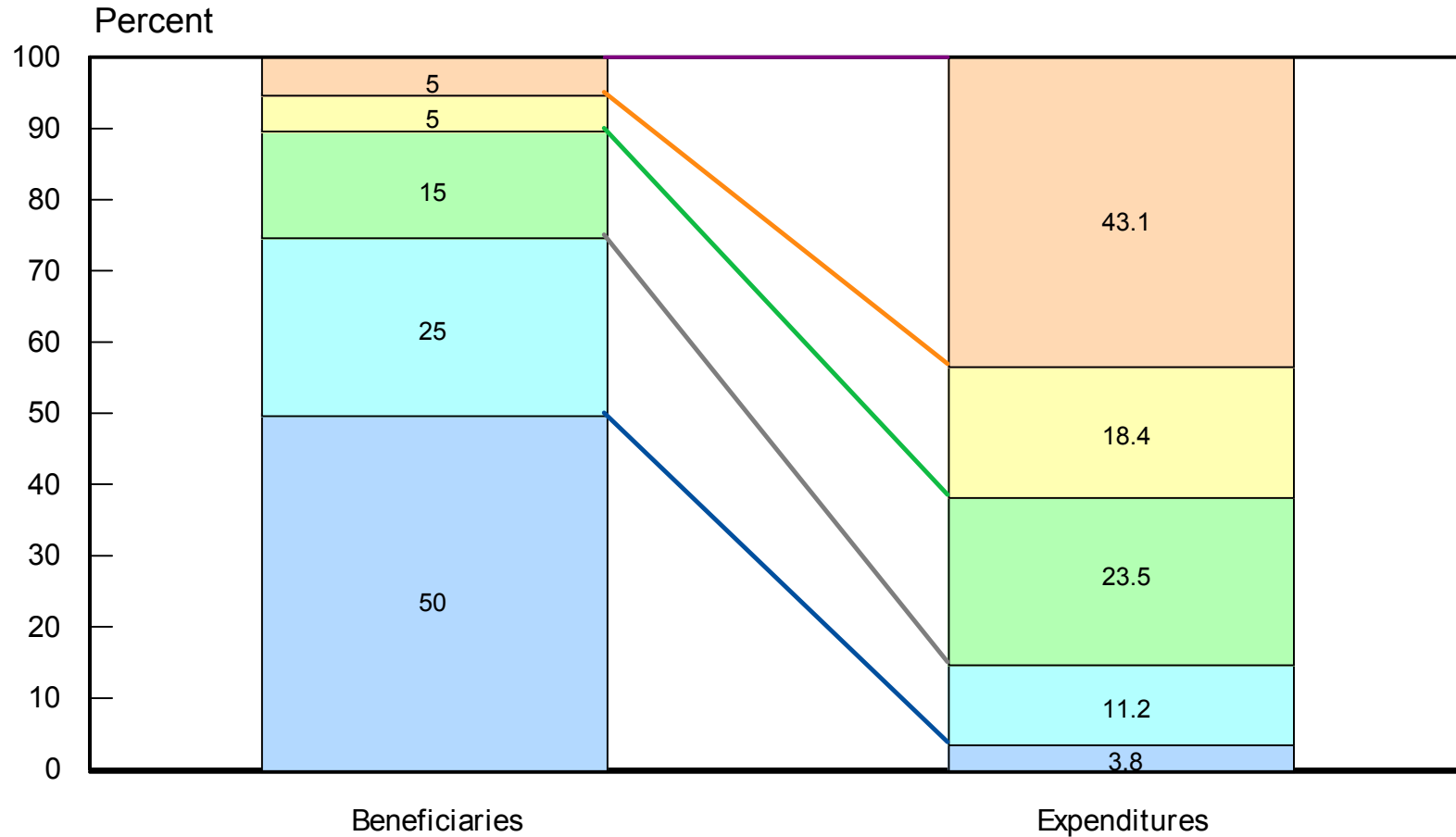


# Share of Personal Health Care Expenditures Paid Out of Pocket





# Concentration of Total Annual Medicare Expenditures Among Beneficiaries, 2001



Source: CBO based on data from CMS.

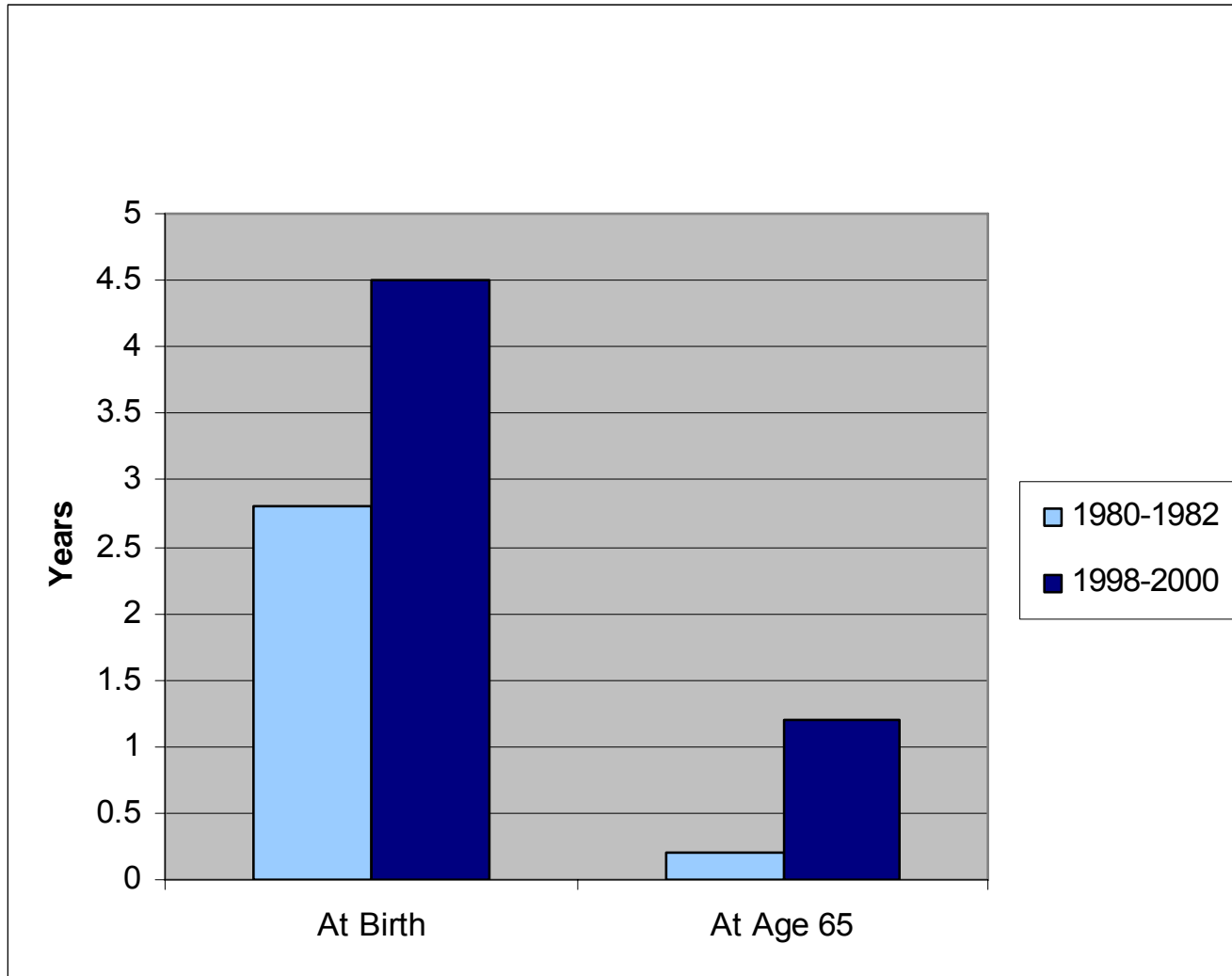


# CBO Health Activities

- New Hires and Expanded Staffing
  - New deputy assistant director (Keith Fontenot) in the Budget Analysis Division
  - Health staff agency wide increase from 30 FTEs to 40 FTEs (Plus 6 new hires)
  - FY 2009 Plans
  
- Reports and Analysis in 2008
  - Critical Topics in Health Reform
  - Health Options



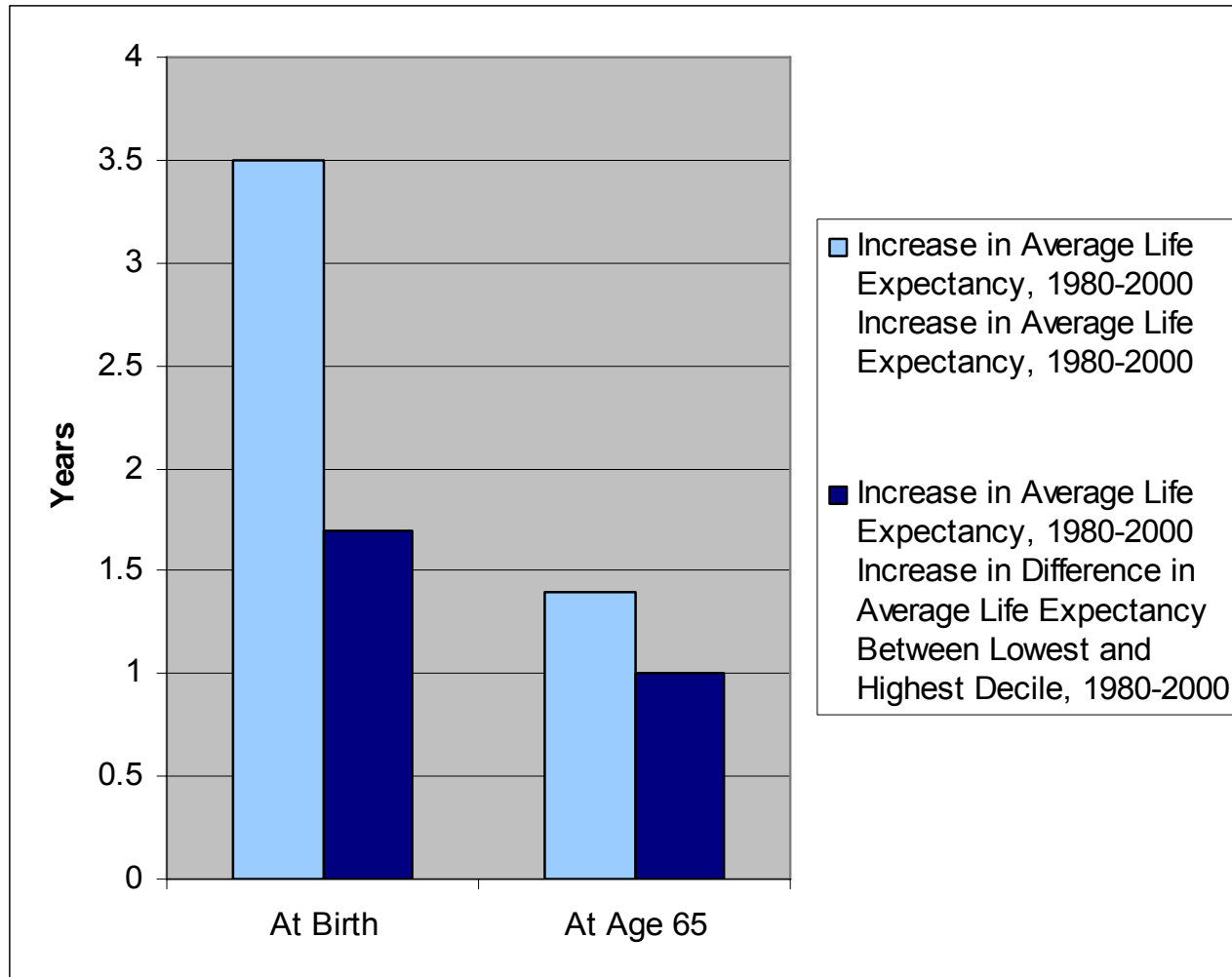
# Difference in Life Expectancy Between Lowest and Highest Economic Status Decile



Source: Data from Singh and Siahpush 2006



# Increase in Life Expectancy and Increase in Difference in Life Expectancy by Economic Status



Source: Data from Singh and Siahpush 2006 and CDC