



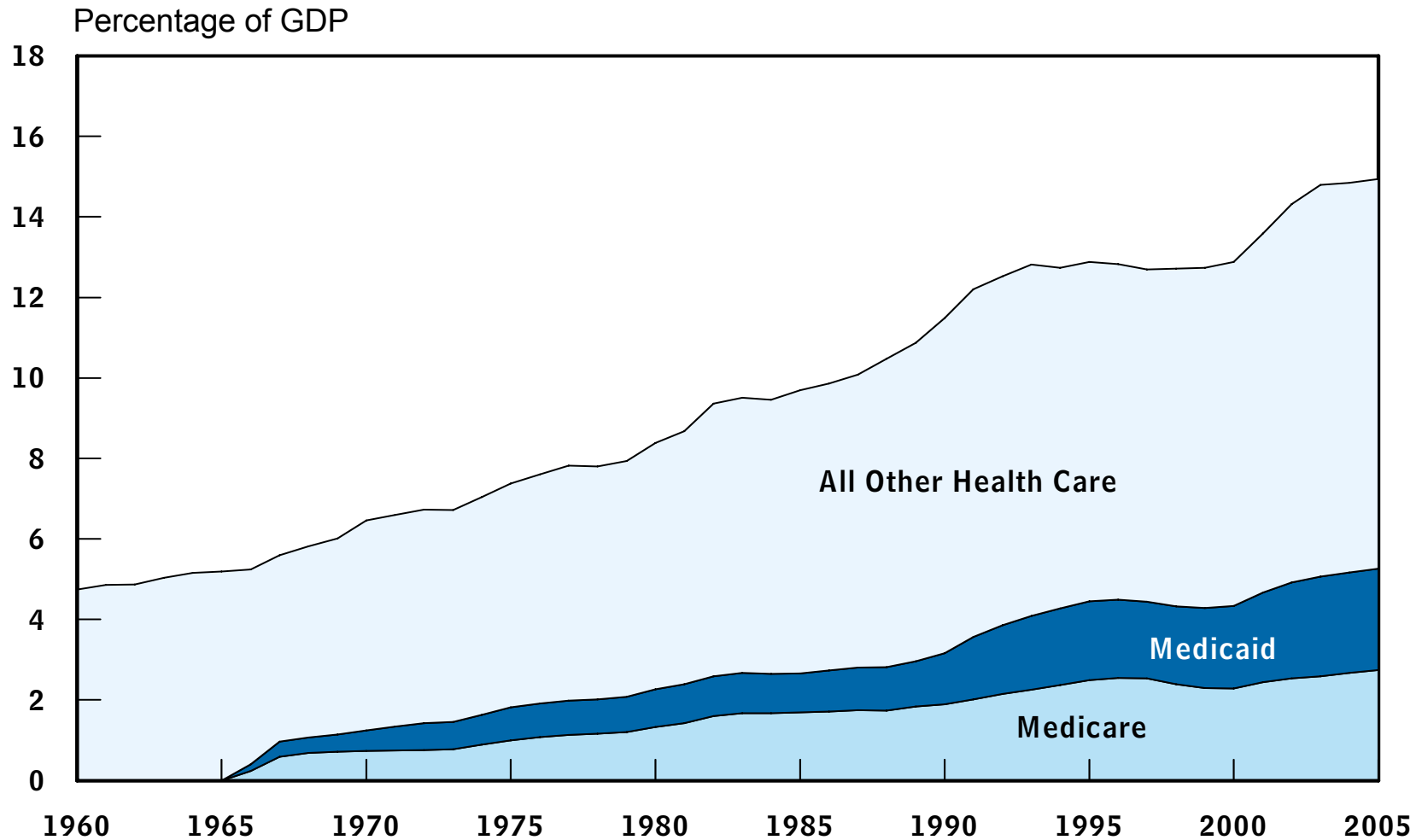
**Congressional Budget Office**

# **Growth in Health Care Costs**

**January 31, 2008**



# Spending on Health Care





# 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



## Estimated Contributions of Selected Factors to Long-Term Growth in Real Health Care Spending per Capita, 1940 to 1990

	Smith, Heffler, and Freeland (2000)	Cutler (1995)	Newhouse (1992)
<b>Aging of the Population</b>	2	2	2
<b>Changes in Third-Party Payment</b>	10	13	10
<b>Personal Income Growth</b>	11-18	5	<23
<b>Prices in the Health Care Sector</b>	11-22	19	Not Estimated
<b>Administrative Costs</b>	3-10	13	Not Estimated
<b>Defensive Medicine and Supplier-Induced Demand</b>	0	Not Estimated	0
<b>Technology-Related Changes in Medical Practice</b>	38-62	49	>65

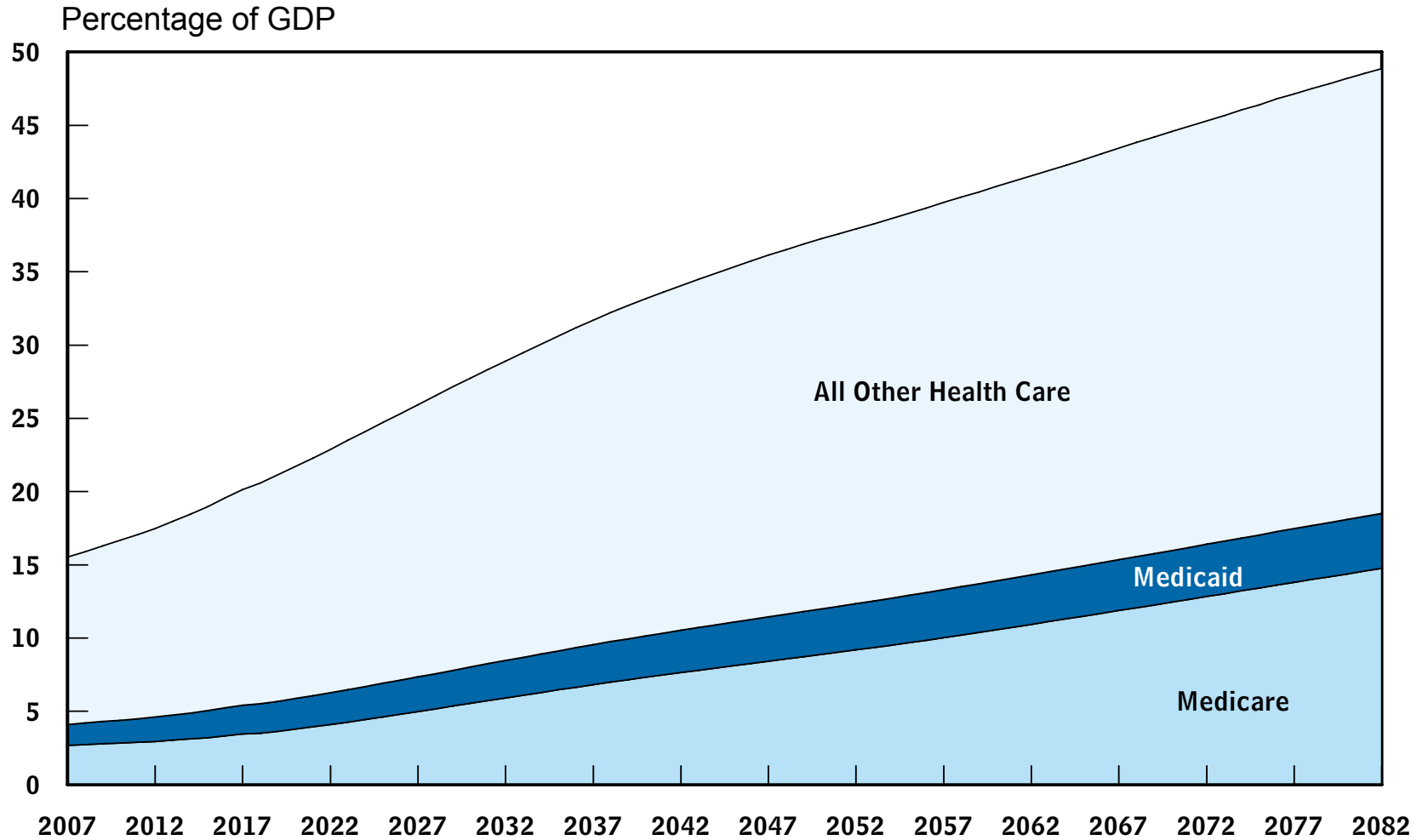


# Distribution of Population and Health Care Spending by Weight Category

Weight Category	1987		2001	
	Percentage of Population	Spending per Capita (Dollars)	Percentage of Population	Spending per Capita (Dollars)
All Persons	100	2,400	100	3,200
Underweight	4	2,700	2	3,100
Normal	52	2,300	39	2,800
Overweight	31	2,300	36	3,100
Obese	12	2,700	21	3,700
Morbidly Obese	1	2,700	3	4,700

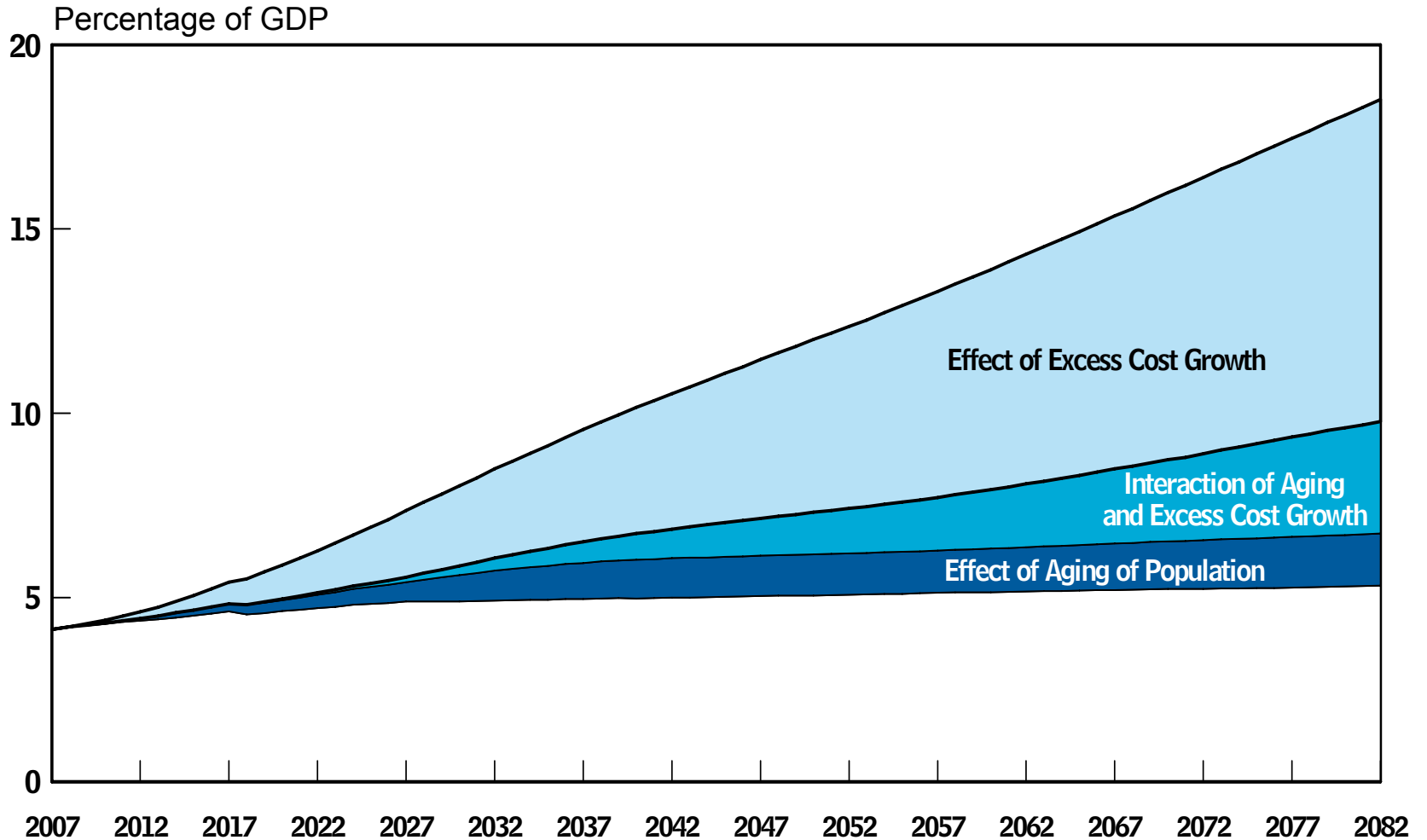


# Projected Spending on Health Care



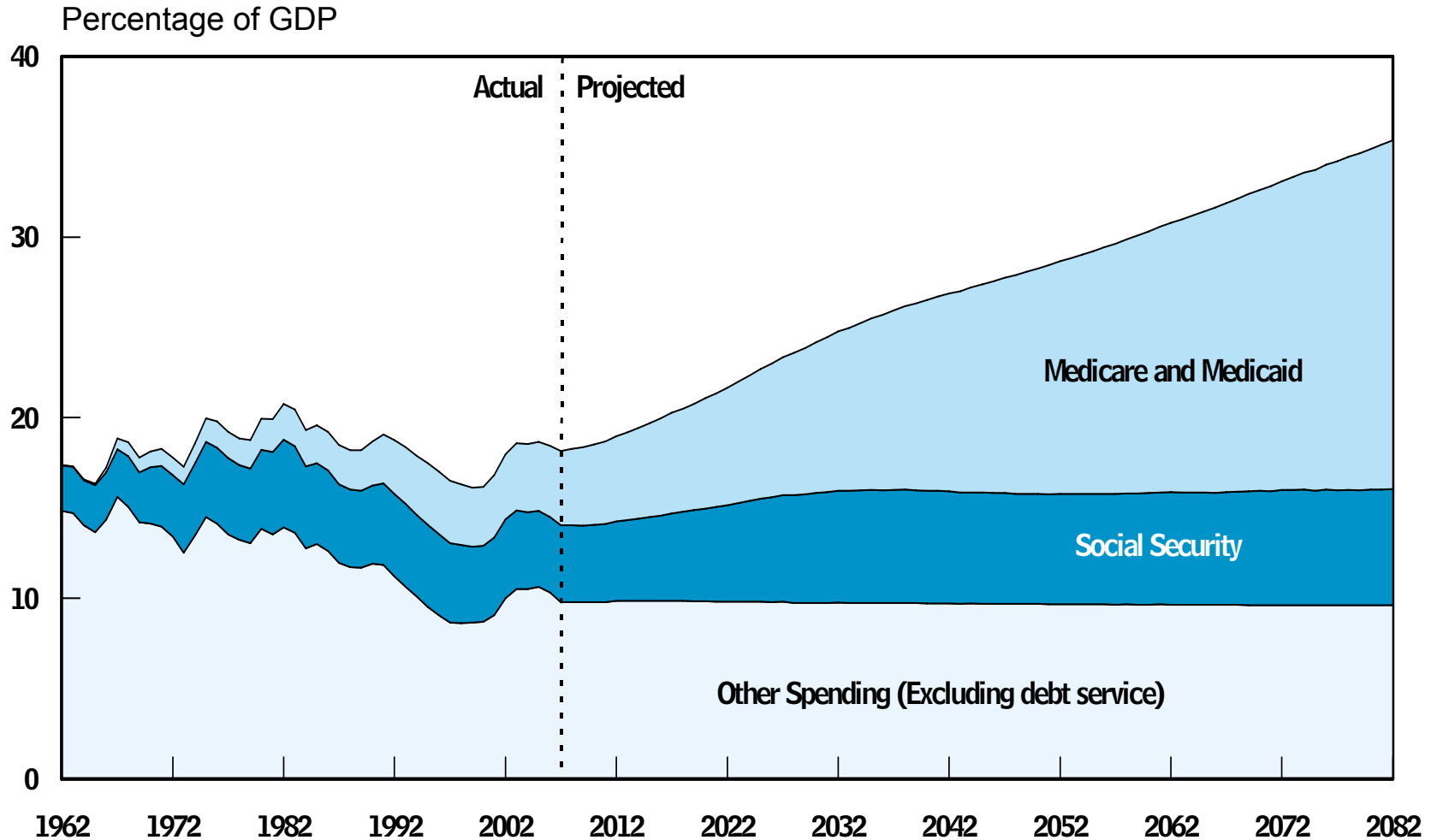


# Sources of Growth in Projected Federal Spending on Medicare and Medicaid



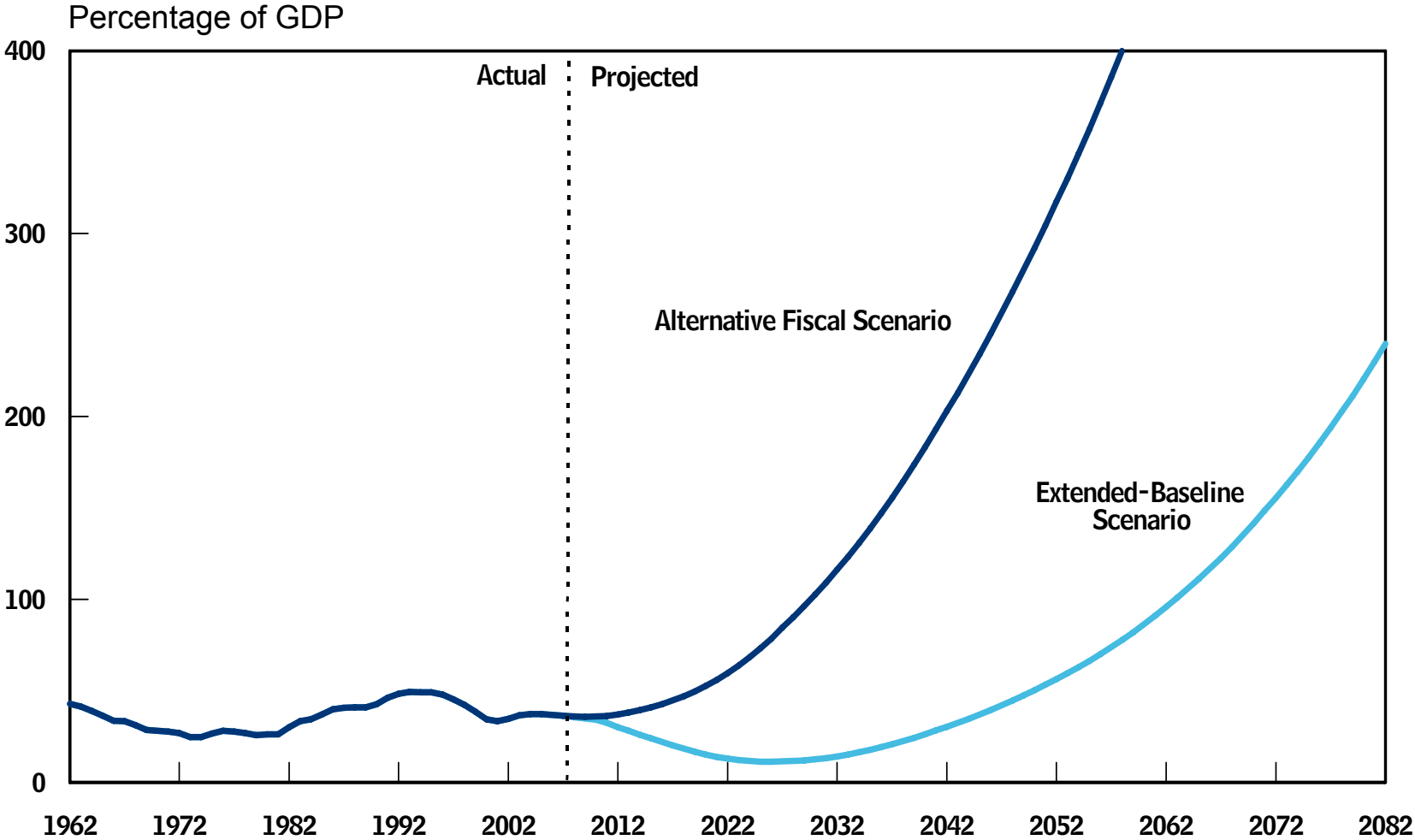


# Federal Spending Under CBO's Alternative Fiscal Scenario





# Federal Debt Held by the Public Under CBO's Long-Term Budget Scenarios





## 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

Source: Elliot Fisher, Dartmouth Medical School.