

Health vs. Everything Else

Trends in U.S. Health Spending

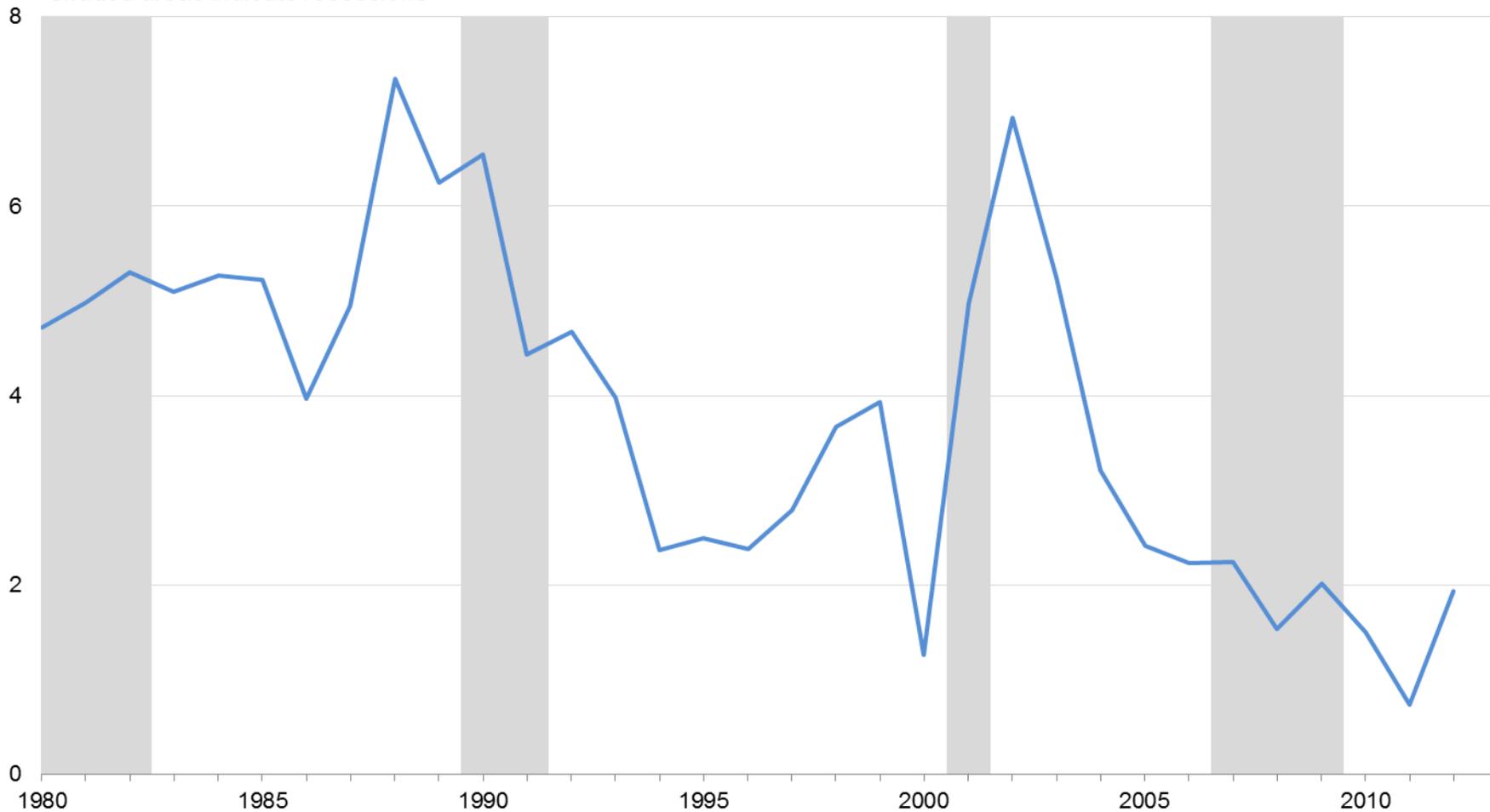
C. Eugene Steuerle
Richard B. Fisher Chair
& Institute Fellow
The Urban Institute

Presented at 20th Annual Princeton
Conference
"The U.S. Health Care System in Transition"
May 21-22, 2013



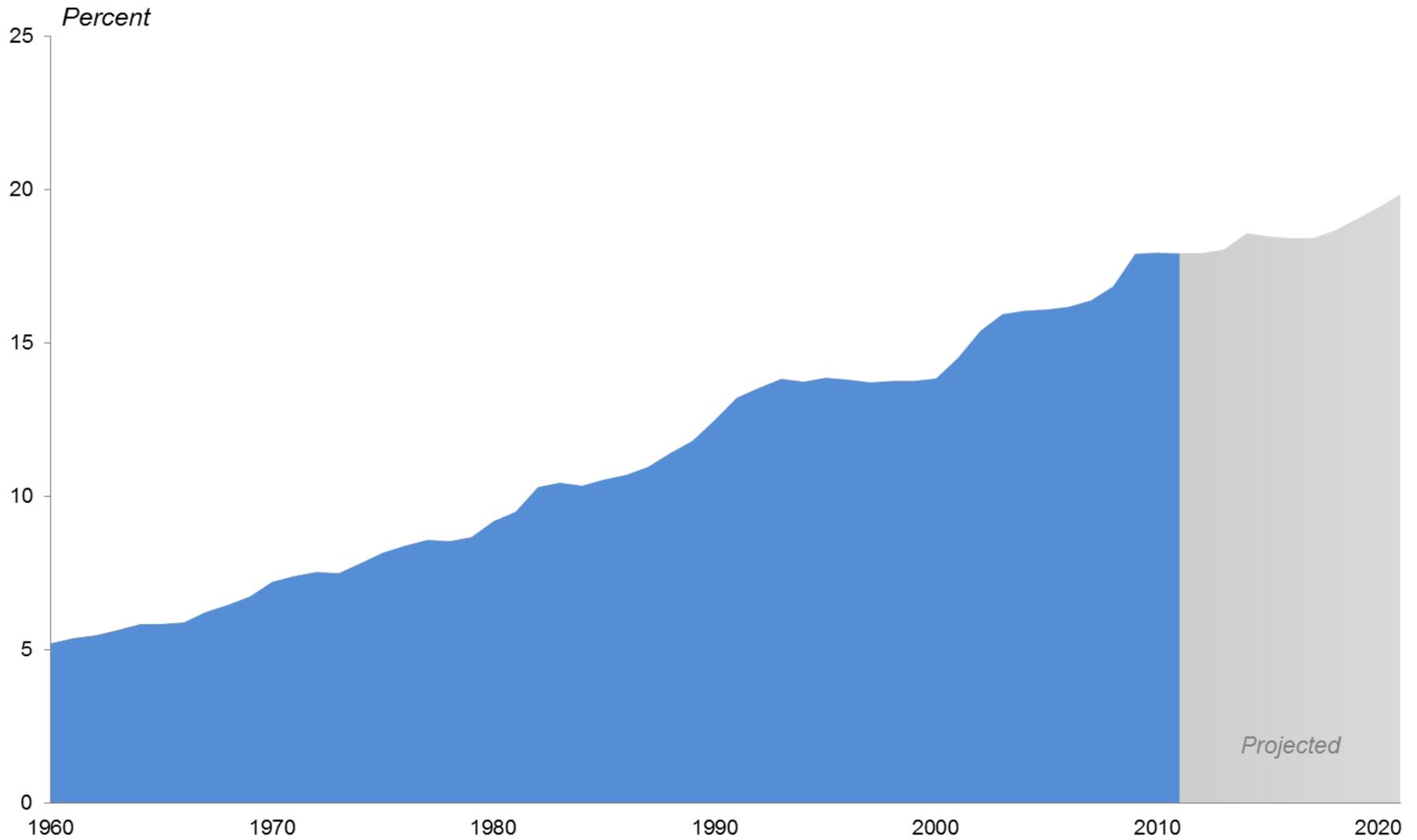
Annual Percentage Change in National Health Expenditures per Capita

Shaded areas indicate recessions



Source: CMS National Health Expenditure data. Recession data from NBER.

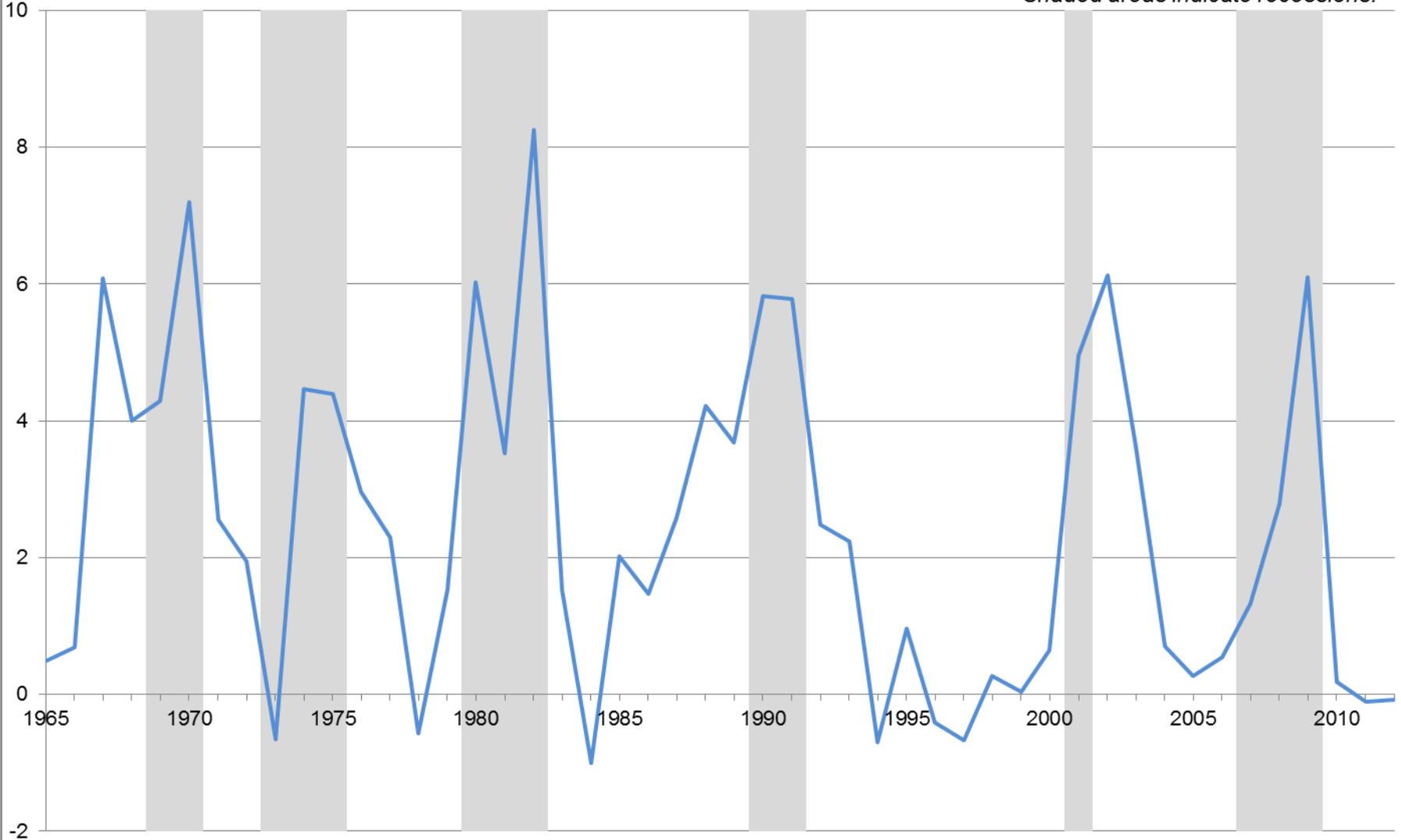
National Health Expenditures as a Share of GDP 1960-2021



Source: CMS National Health Expenditure data. Historical GDP from BEA National Income and Product Accounts. Projected GDP from CBO February 2013 Economic Baseline.

Percentage Change in National Health Expenditures in Excess of GDP Growth 1965-2012

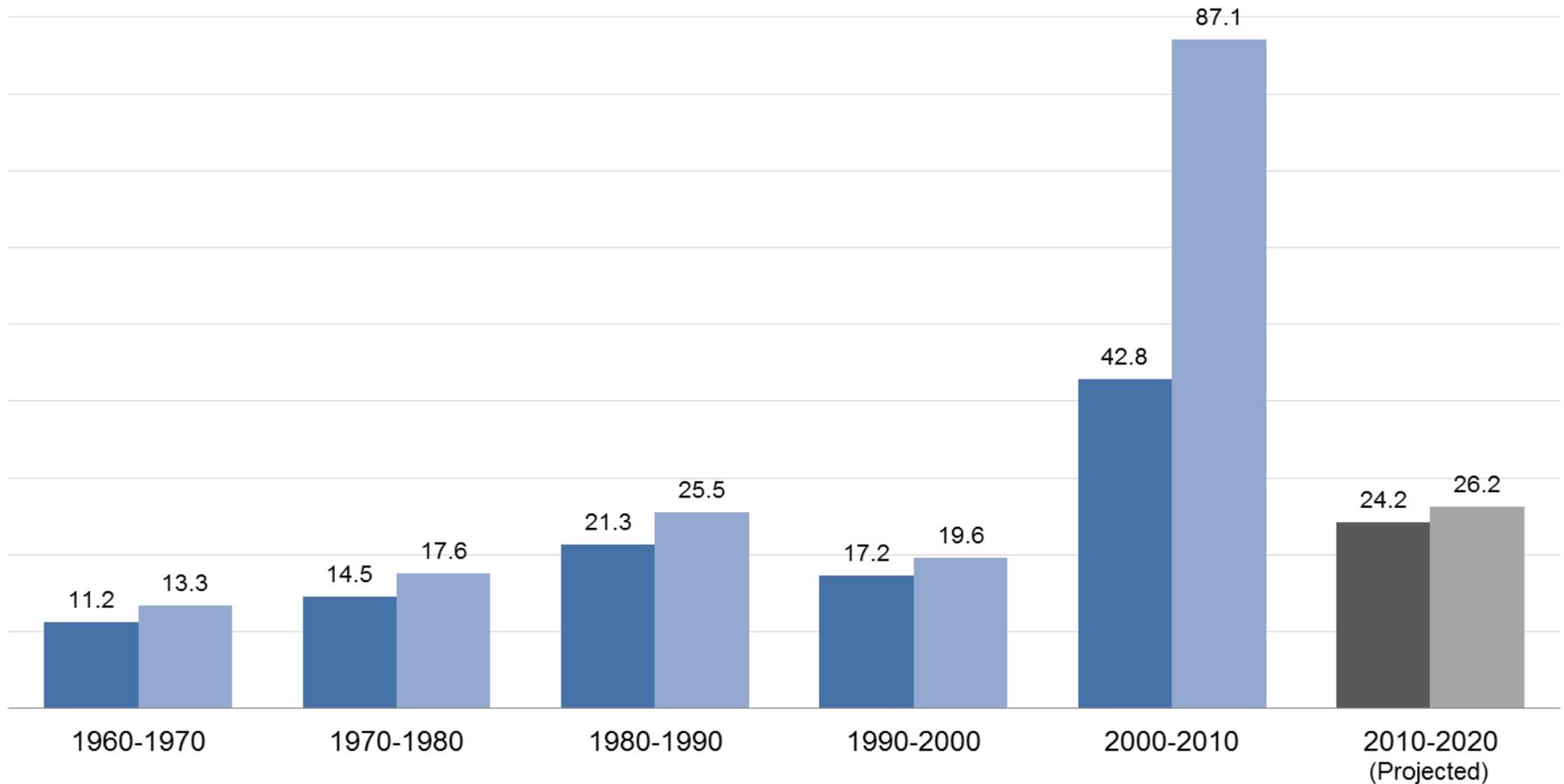
Shaded areas indicate recessions.



Source: CMS National Health Expenditure data. 2012 value is projected value. GDP data from Federal Reserve Economic Data.

Health Spending as a Share of Total and per Capita GDP Growth 1960-2020 (Percent)

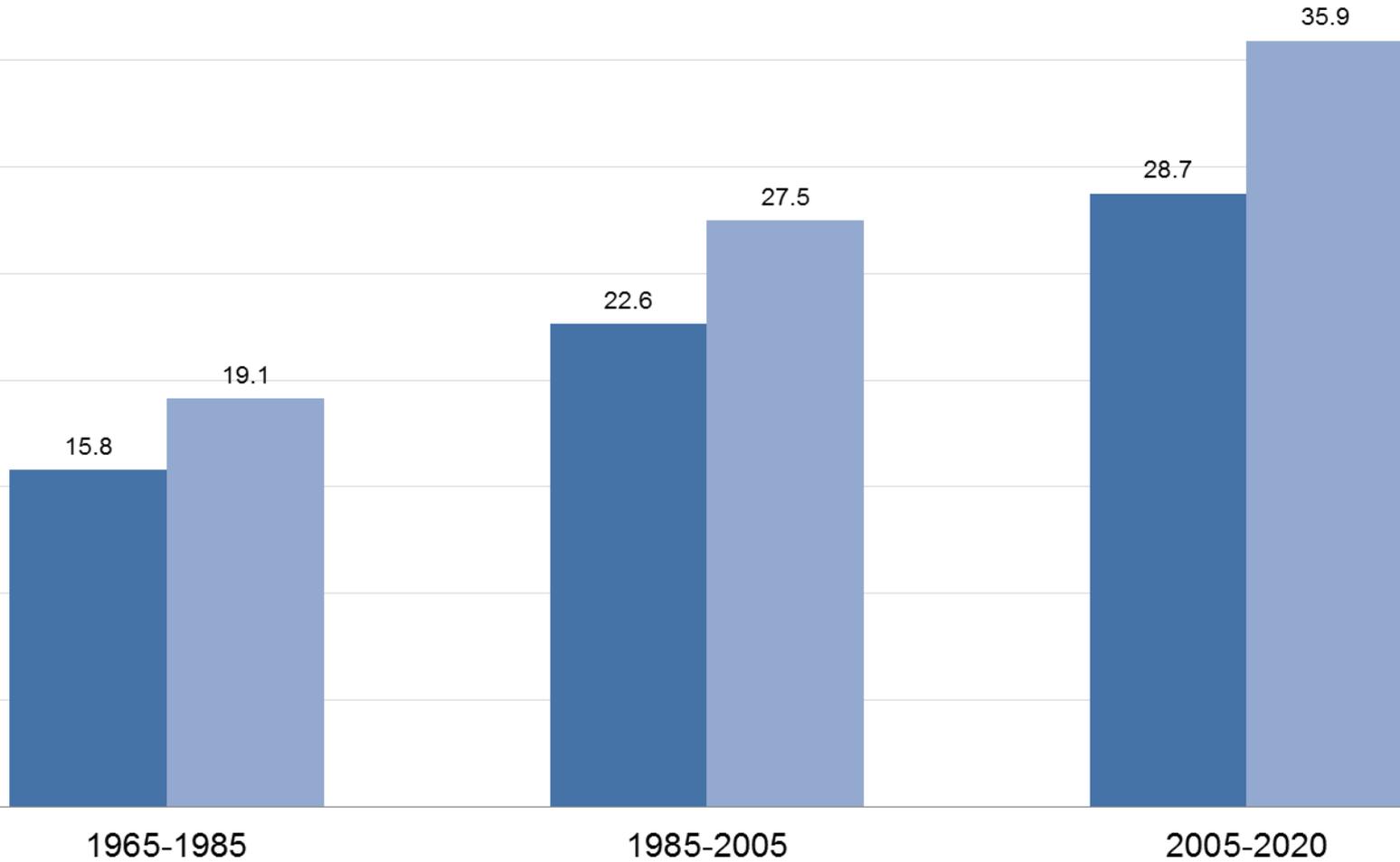
■ Total ■ Per Capita



Source: CMS National Health Expenditure data. GDP data from CBO and Federal Reserve Economic Data.

Health Spending as a Share of Total and per Capita GDP Growth 2005-2020 (Percent)

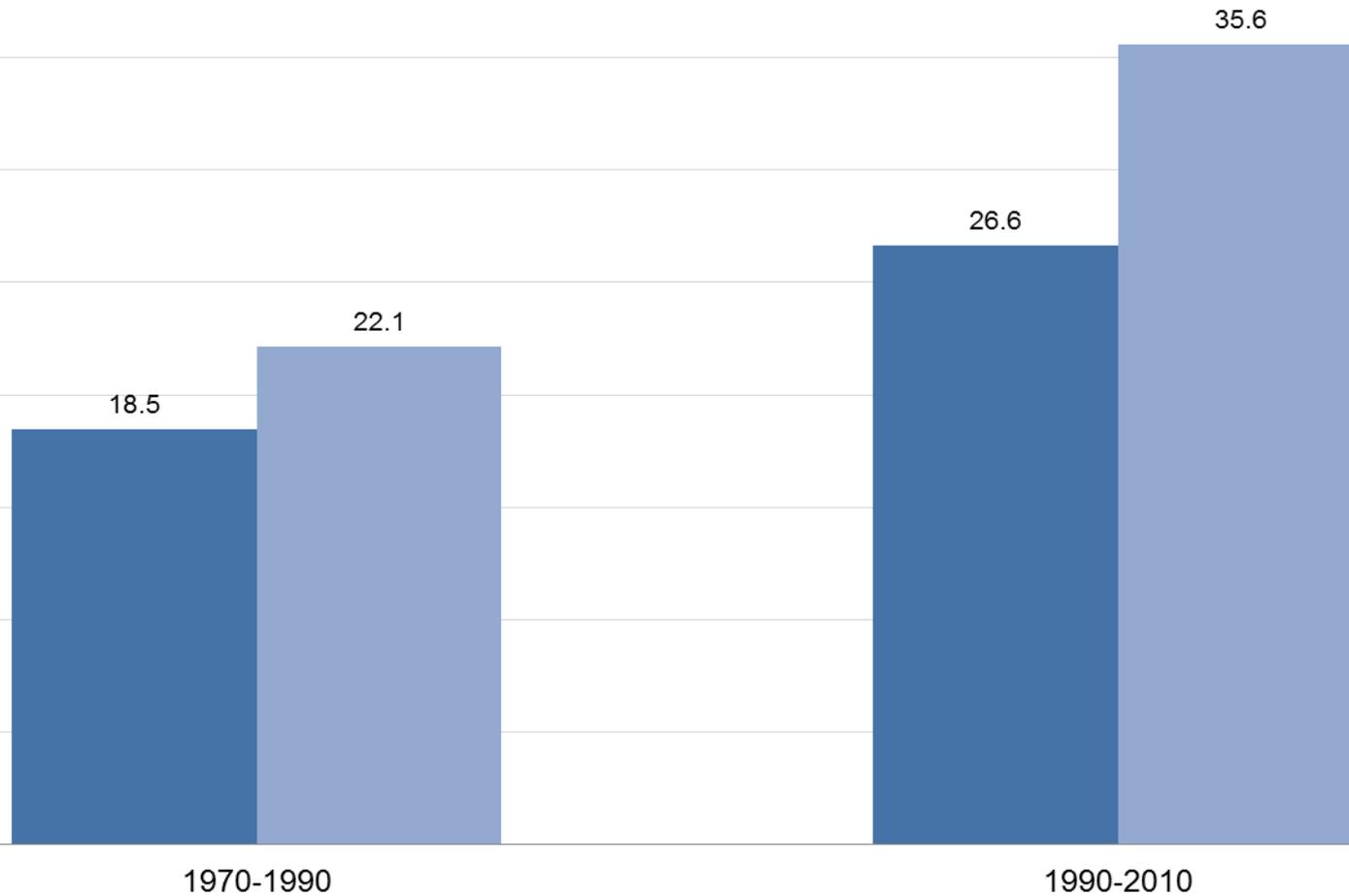
■ Total ■ Per Capita



Source: CMS National Health Expenditure data. GDP data from CBO and Federal Reserve Economic Data.

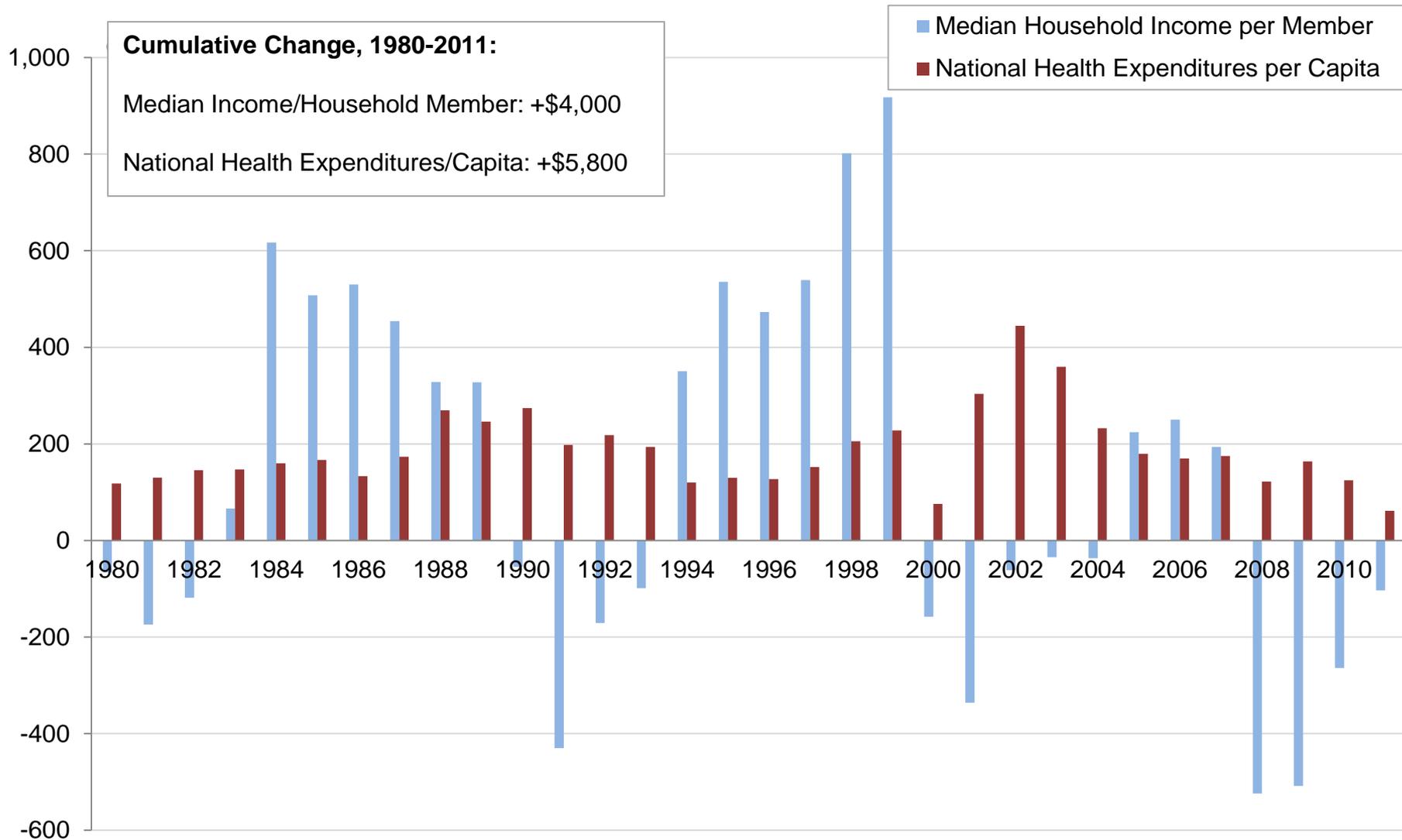
Health Spending as a Share of Total and per Capita GDP Growth 2005-2020 (Percent)

■ Total ■ Per Capita



Source: CMS National Health Expenditure data. GDP data from CBO and Federal Reserve Economic Data.

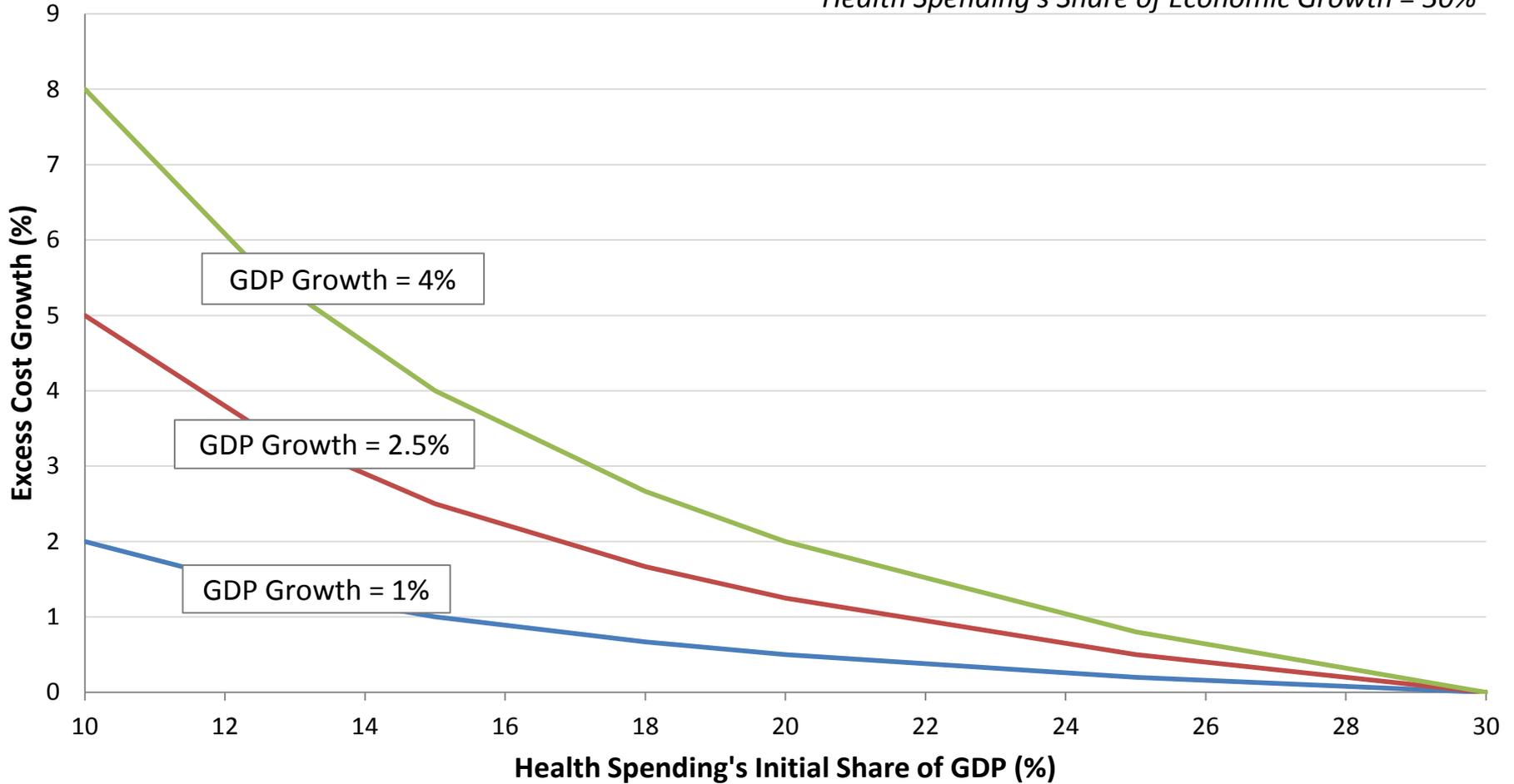
Annual Changes in National Health Expenditures per Capita versus Median Household Money Income per Household Member, 1980-2011



Source: CMS National Health Expenditure data and U.S. Census Current Population Survey, Annual Social and Economic Supplements

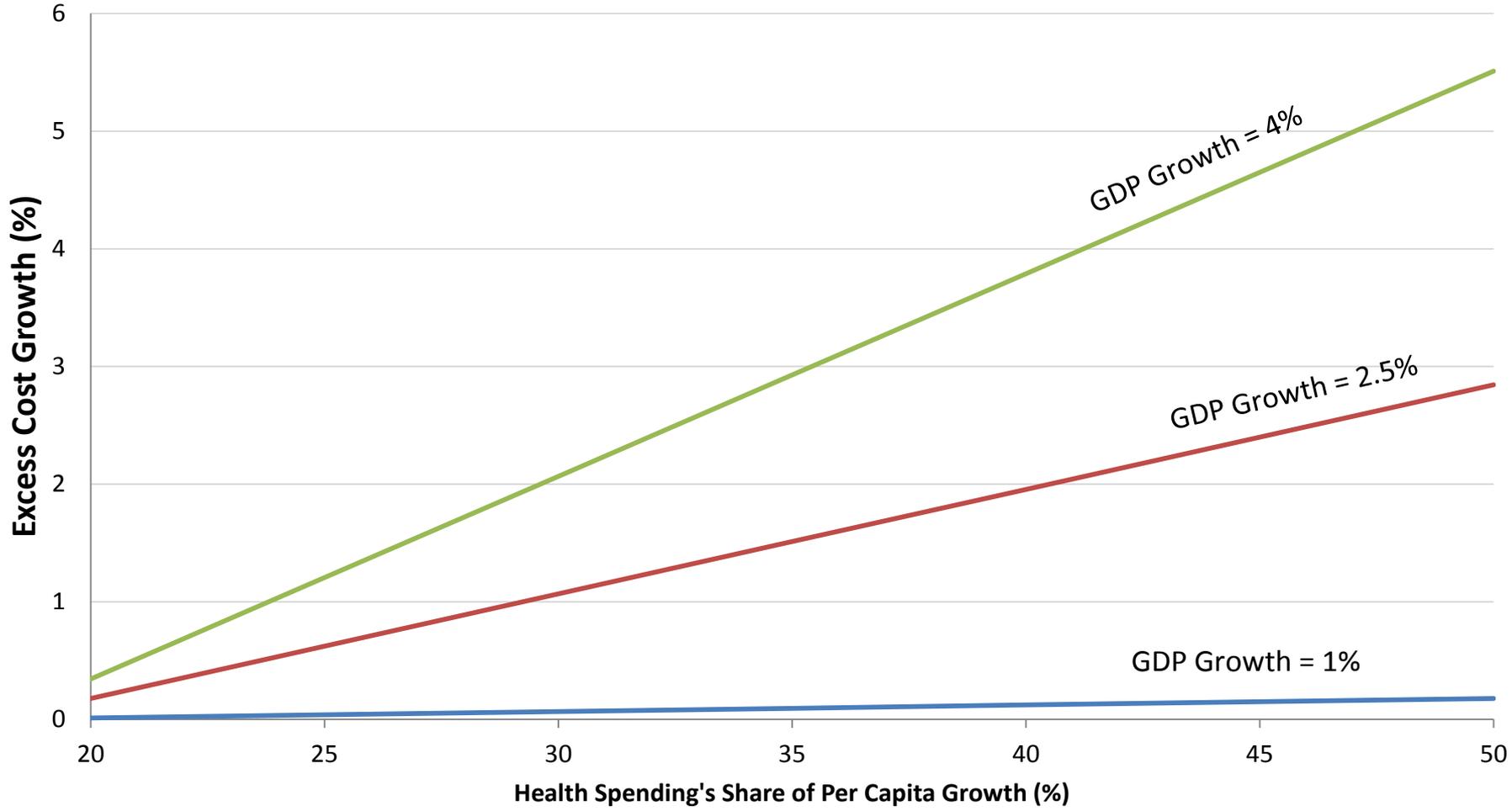
Relationship between Excess Cost Growth and Health Spending's Initial Share of the Economy

Health Spending's Share of Economic Growth = 30%

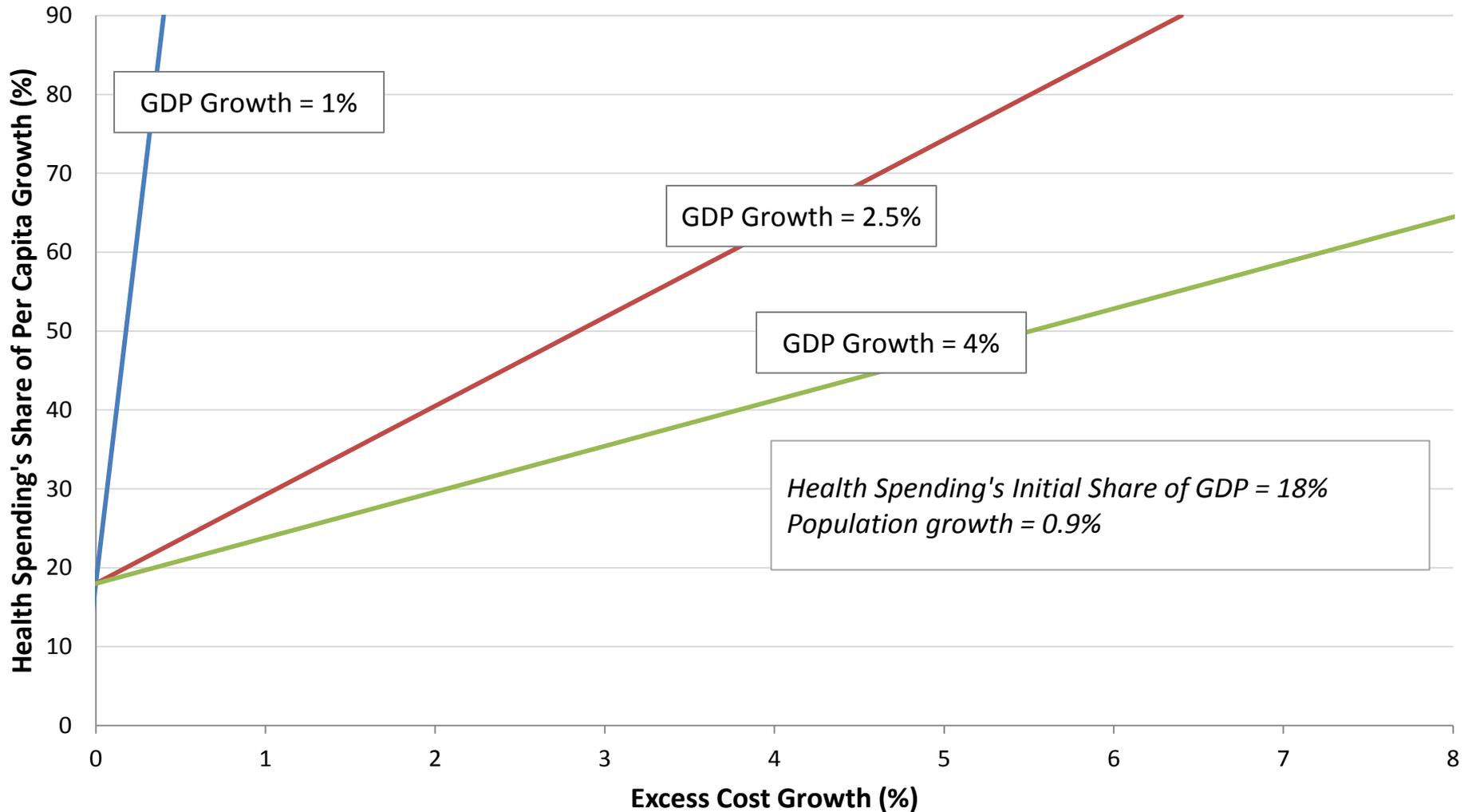


Excess Cost Growth vs. Health Spending's Share of Per Capita Economic Growth

Health Spending's Initial Share of GDP = 18%
Population Growth = 0.9%



Excess Cost Growth vs. Health Spending's Share of Per Capita Economic Growth



$$\textit{ExcessCost} = r \times \frac{\textit{Share of Growth} - \textit{InitialShareofGDP}}{\textit{InitialShareofGDP}}$$

$$\textit{ExcessCost} = \frac{(r - g)(\textit{Share of Growth Per Capita} - \textit{InitialShareofGDP})}{\textit{InitialShareofGDP}}$$

r = economic growth rate

g = population growth rate