Overall Growth in Spending on Health Care Down Sharply

Analysis of data for Medicare, Medicaid and the private sector indicate that growth in spending on health care has slowed dramatically.

- Real growth in per capita health care expenditures from 2009 to 2011 was at its lowest point since the start of reporting in 1960.
- The Congressional Budget Office (CBO) has reduced its projections of future Medicare spending multiple times.
- Annual growth in consumer spending on health care has dropped steadily with growth from 2010-2013 down 78% from what it was in the 1980s. Inpatient and outpatient care are key drivers of this reduction.
- Lower growth in hospital prices has contributed to these trends.
- New research attributes much of this slowdown to “structural changes,” suggesting it may continue.

CBO projections of Medicare spending through 2020 have decreased by nearly half a trillion dollars.

Contributions to Percent Change in Personal Consumption Expenditures Price Index for Health Care

Overall growth in health care spending is at historic lows...

...fueled in part by lower growth in hospital prices.

Annual Percent Change in Hospital Prices

*2013 Hospital Price Percent Change is August 2013 compared to August 2012.


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