Health Care Spending Growth Hits Record Low

Since 2010, National Health Expenditures (NHE) have grown at an average annual rate of 3.8%. This represents the lowest rate on record for any four-year period* and is less than half of the average annual growth rate of 9.3% over the same timeframe. A key driver of this trend is the low rate of health care price inflation, for hospitals just 2.0% in 2013. Hospitals represent about a third of NHE.

These trends are leading to an improved long-term federal budget outlook. The Congressional Budget Office (CBO) projections of future Medicare spending from 2014 through 2020 are down by more than a half a trillion dollars.

Health care cost growth typically slows during recessions, but the continuation of this trend well into the recovery suggests more factors at hand. A growing body of recent research points to the impact of structural changes in how health care is delivered and financed.

*Tracking of NHE data began in 1960.

"The slowdown in health care cost growth has been sufficiently broad and persistent to persuade us to make significant downward revisions to our projections of federal health care spending."
— Douglas Elmendorf, Director, CBO

Spending growth is at historically low levels.
Percent Change in National Health Expenditures, 1961 - 2013

Historical Average = 9.3%
2010 – 2013 Average = 3.8%