

The Federal Budget & Rising Health Care Costs

National Institute for Health Care Management Foundation

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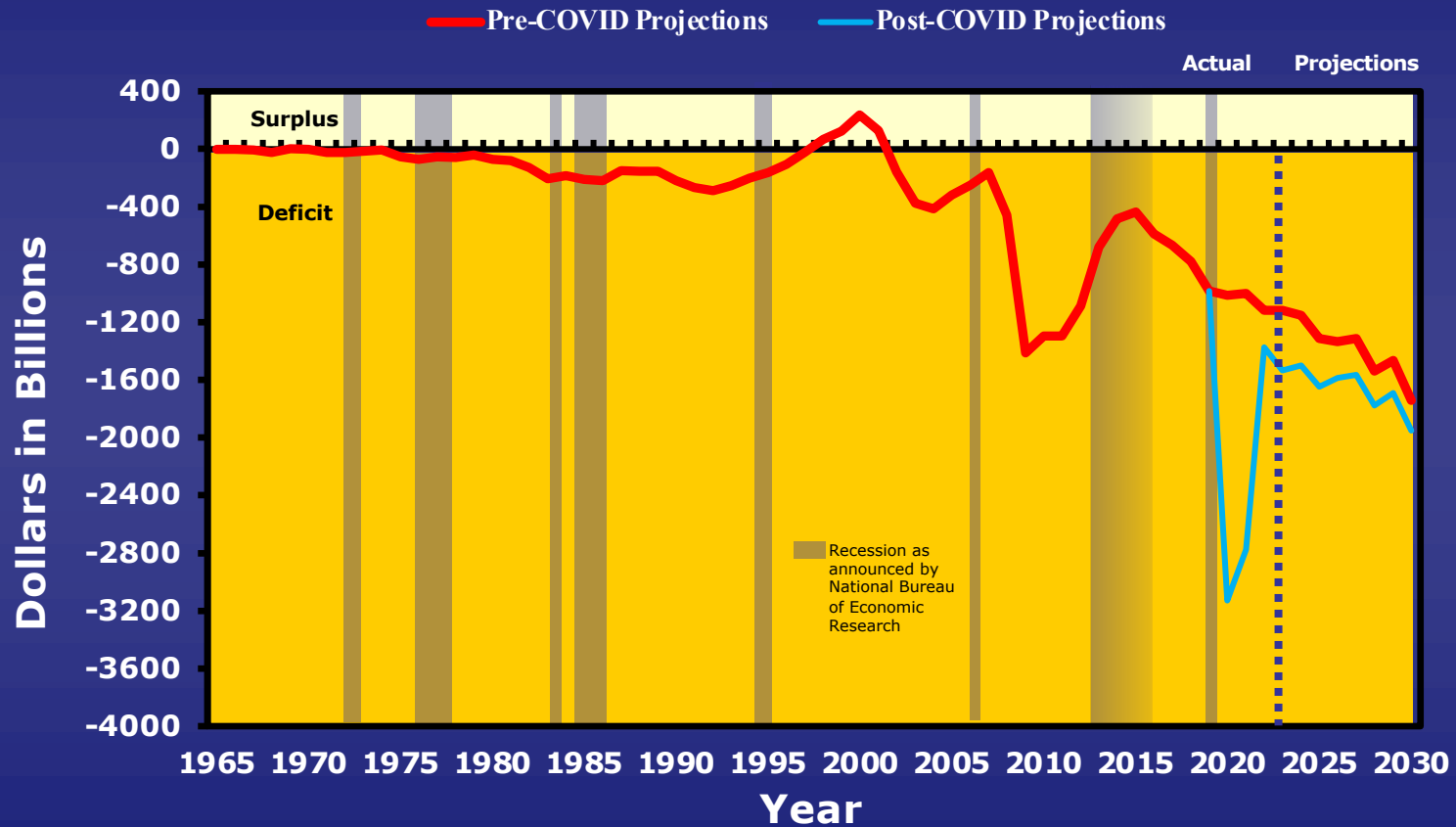


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Total Budget Surplus/Deficit

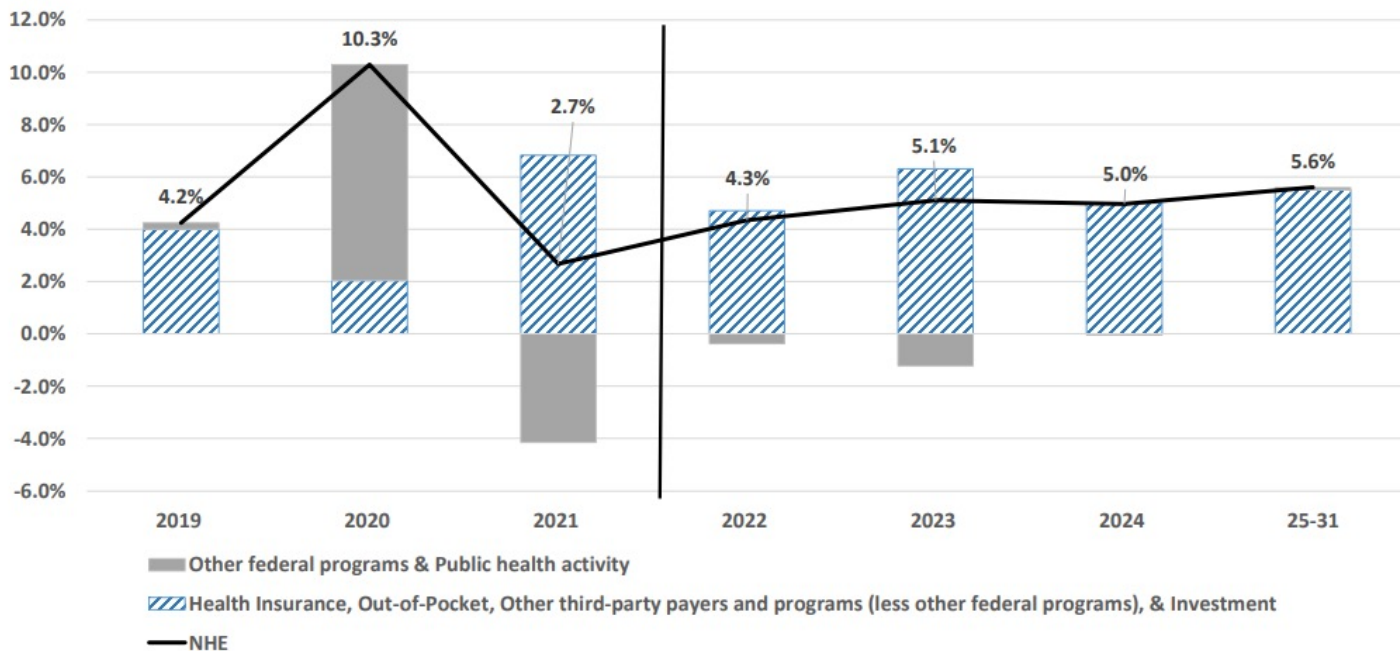
FY 1965-2030

Pre & Post – COVID-19, Post FRA of 2023



Source: Congressional Budget Office, How the Fiscal Responsibility Act of 2023 Affects CBO's Projections of Federal Debt; June 2023 (Post-Covid)
 Congressional Budget Office, The Budget and Economic Outlook: Fiscal Years 2020 to 2030; January 2020 (Pre-Covid)

National Health Expenditure Growth Contributions to Growth by Source of Funds, 2019-2031



NOTE: Average annual growth rates are from previous year shown.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

National Health Expenditure Projections 2023-2031

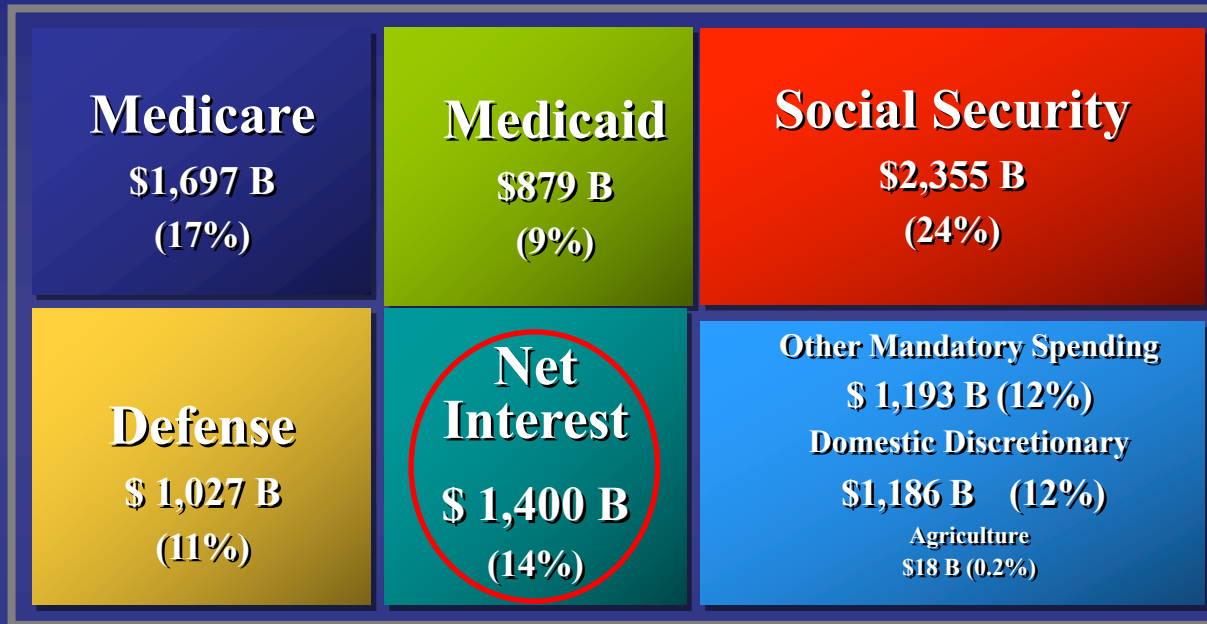
(\$ in Billions)

	2019	2020 (COVID)	2021 (COVID)	2023	2031	% Δ 21 – 31 Annual
NHE	3,759	4,124	4,255	4,666	7,174	5.4%
FED	1,102	1,499	1,457	1,515	2,341	4.8%
STATE	607	588	629	734	1,144	6.1%
Private	2,050	2,037	2,169	2,417	3,689	5.4%
<i>Hospital</i>	1,194	1,270	1,324	1,460	2,366	5.8%
<i>Physicians</i>	768	810	865	930	1,466	5.2%
<i>Rx</i>	338	348	378	412	592	4.6%
Per Capita	\$11,462	\$12,530	\$ 12,914	\$ 13,988	\$ 20,425	4.7%
% GDP	17.6 %	19.7%	18.3 %	17.6%	19.6%	---

[Health Affairs article: Keehan et al., “National Health Expenditure Projections, 2022-31: Growth To Stabilize Once The COVID-19 Public Health Emergency Ends”](#)

Federal Spending Projected for 2033

\$9,755 billion



Source: Congressional Budget Office, The Budget and Economic Outlook: 2022-2033. June 2023.

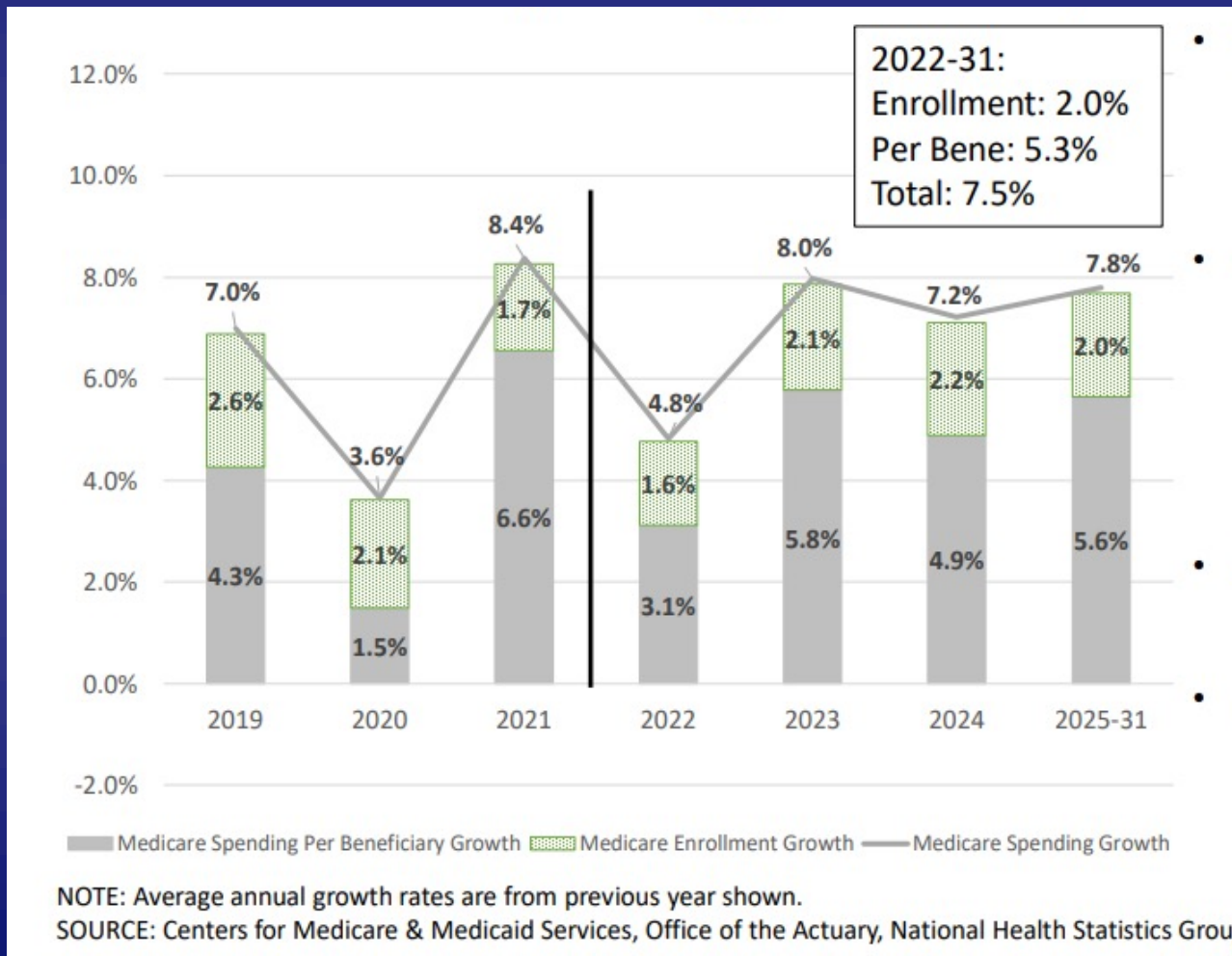
Health Care Grows Faster than the Economy

(\$ in billions)

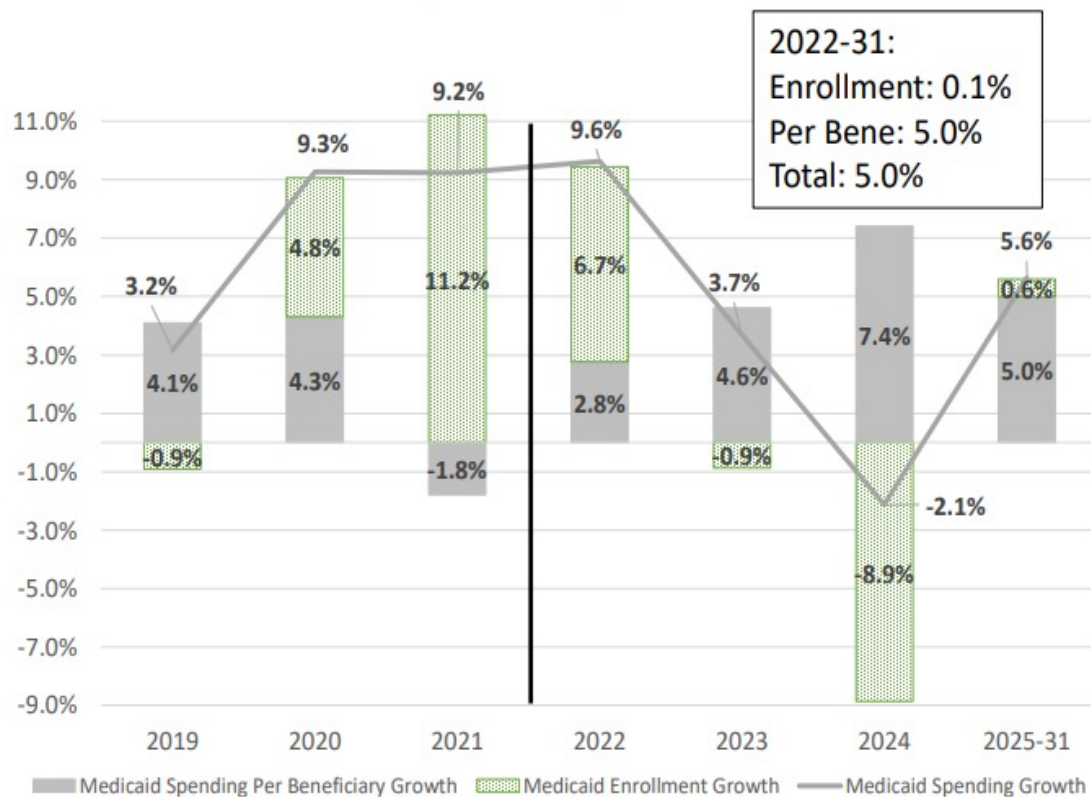
	2022 <i>Actual</i>	2023	2033	<i>Avg. Annual Growth 2023-2033</i>
Medicare	975	1,008	2,088	7.6%
Medicare Offsetting Receipts	-231	-182	-391	7.9%
Medicaid	592	594	879	4.0%
Health Insurance Subsidies	86	81	112	3.3%
Children's Health Insurance Program	17	18	15	-1.2%
Total Major Health Care	1,439	1,519	2,703	5.9%
Total Federal Mandatory Spending	4,076	3,825	5,997	4.6%
Health Care as % Total Mandatory	35%	40%	45%	---

Nominal GDP projected to increase 4.10% annually over the decade.

Medicare: Average Annual Growth in Enrollment, Per Beneficiary Spending and Total Spending,



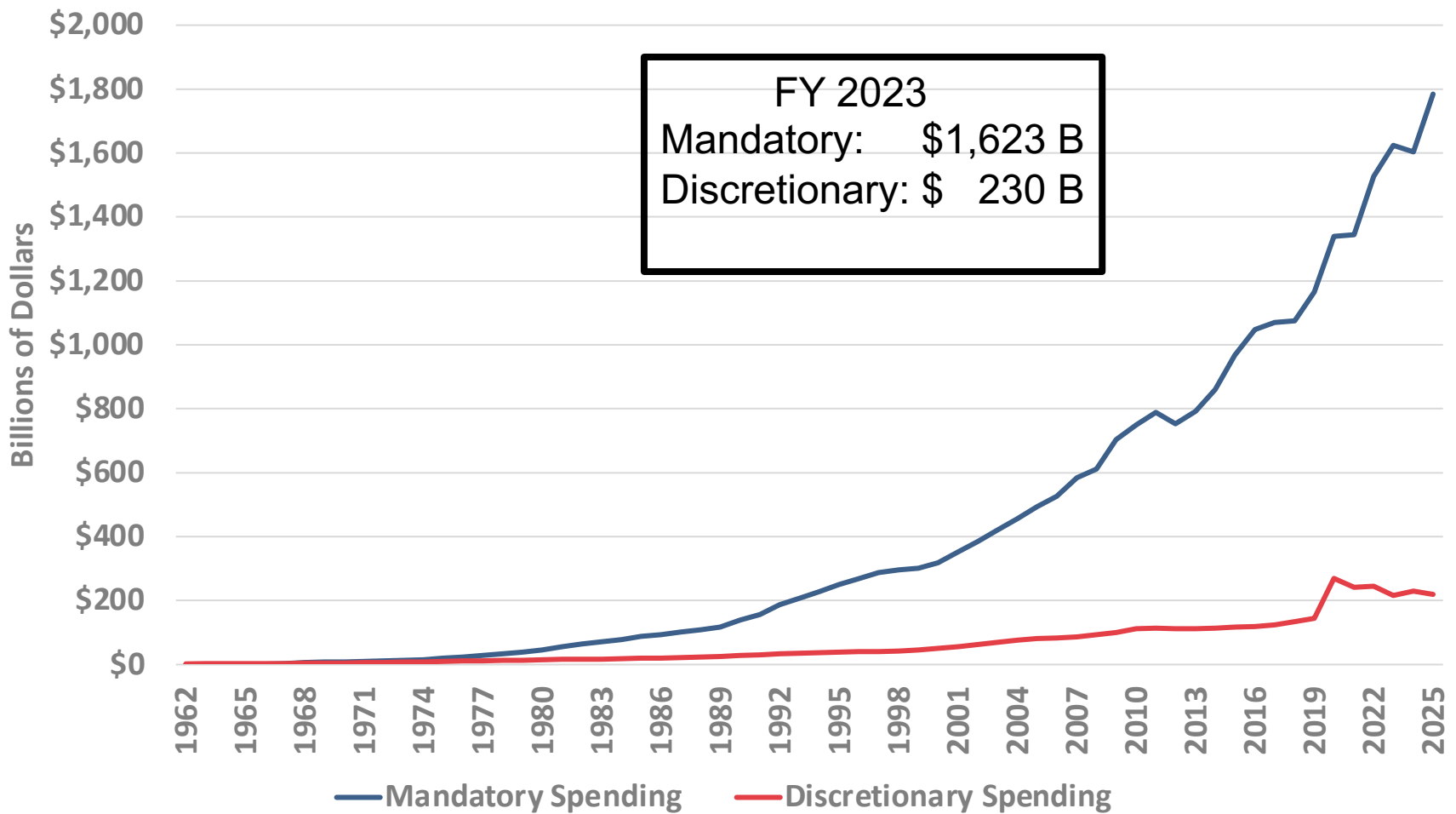
Medicaid: Average Annual Growth in Enrollment, Per Beneficiary Spending, and Total Spending



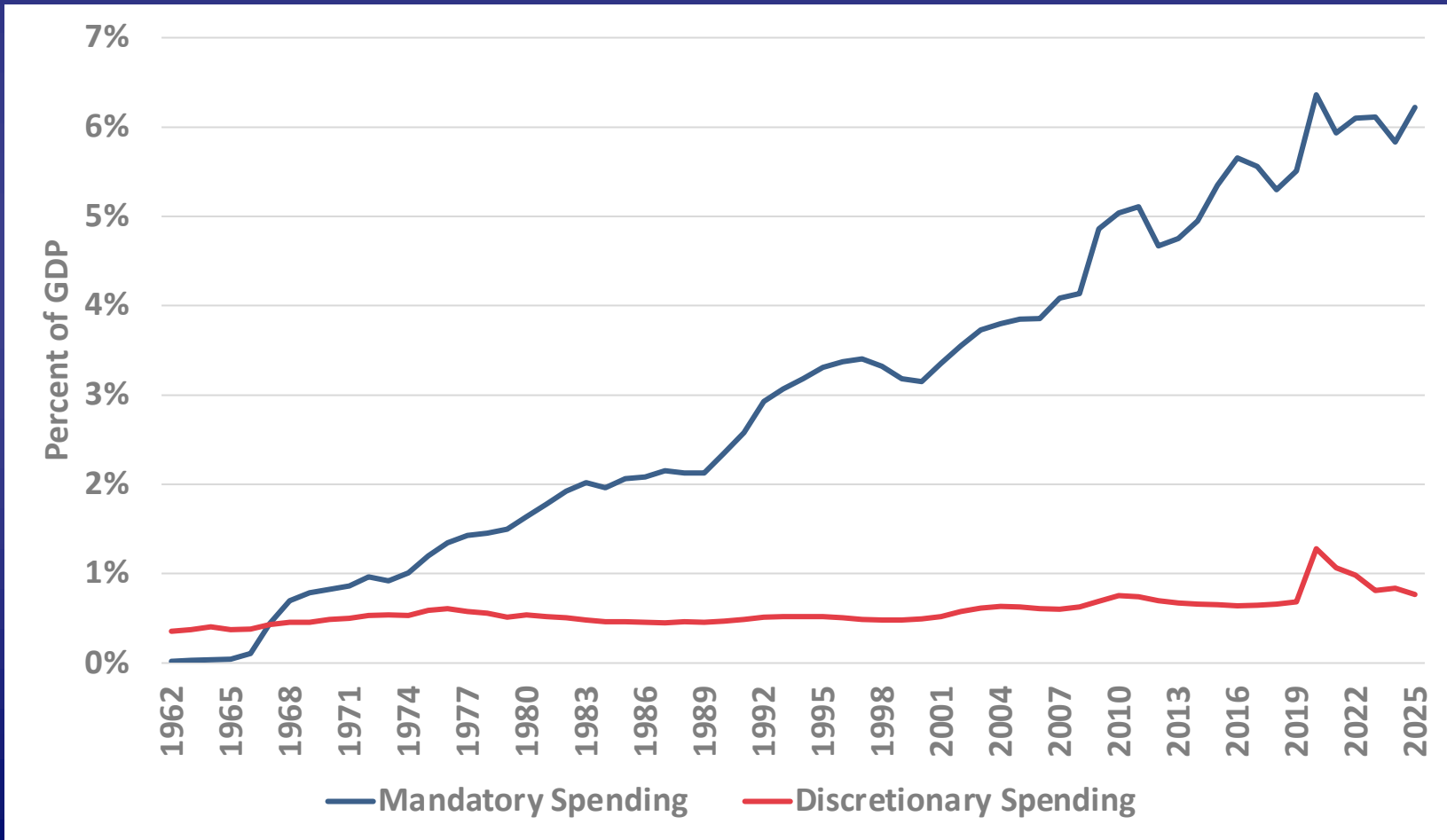
NOTE: Average annual growth rates are from previous year shown.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

MANDATORY V. DISCRETIONARY TOTAL FEDERAL HEALTH SPENDING, 1962-2025

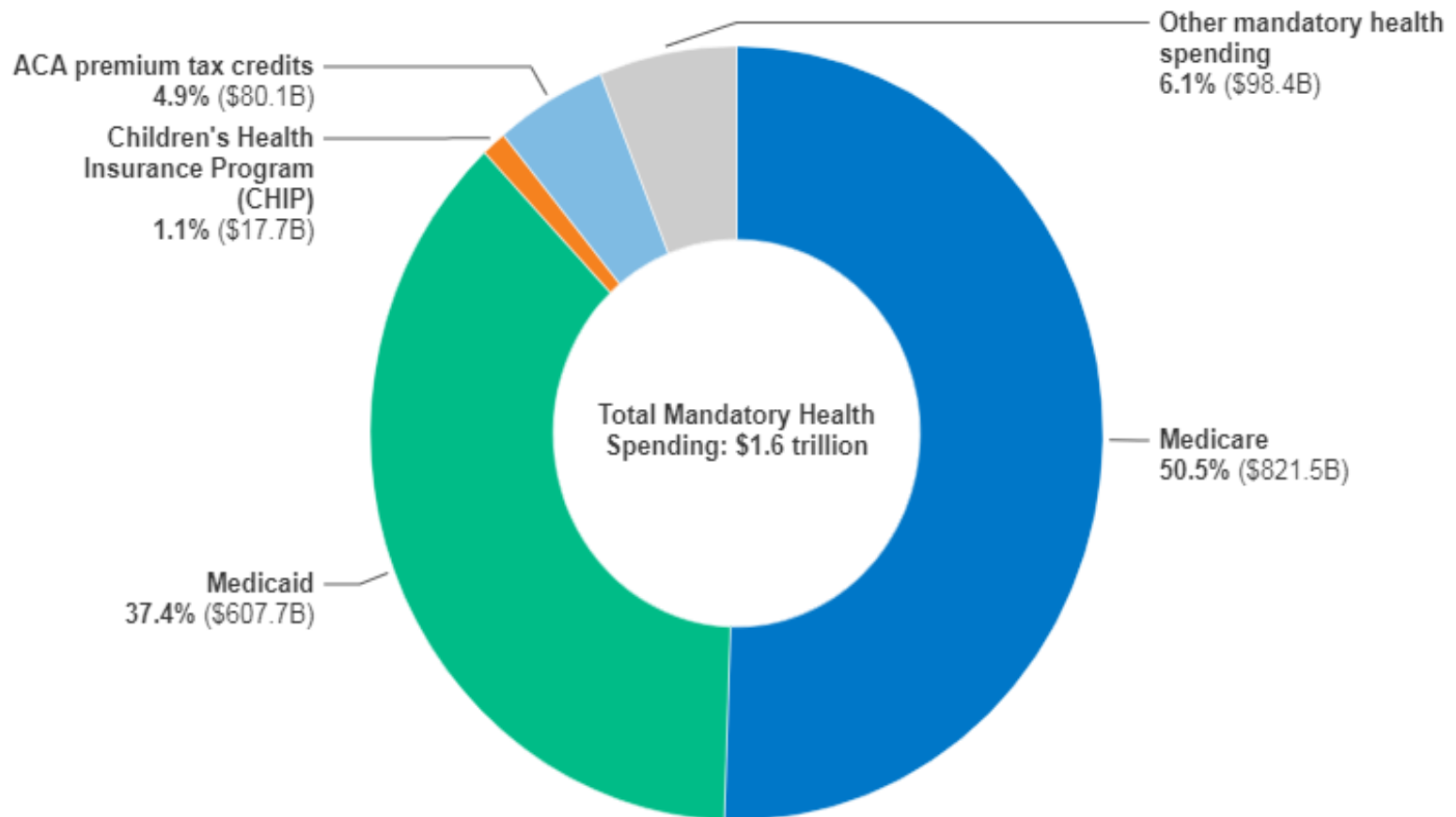


MANDATORY V. DISCRETIONARY TOTAL FEDERAL HEALTH SPENDING AS % OF GDP 1962-2025

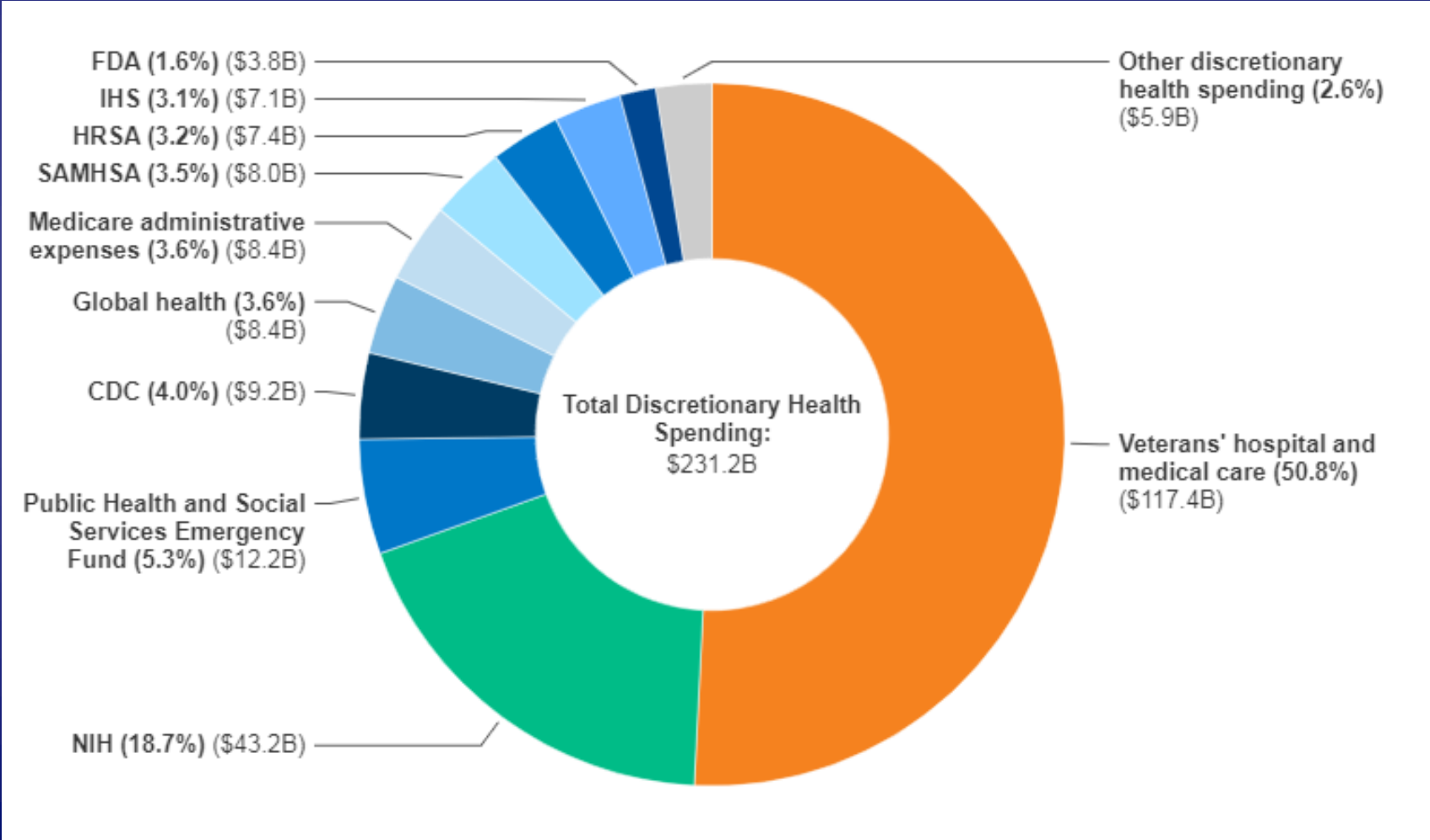


Distribution of Mandatory Spending FY 2023

Mandatory federal spending in FY 2023



Distribution of Discretionary Health Spending FY 2023



	Pre-FRA Baseline (CBO, May 2023)	FRA Caps (12/12 Appropriations Bills Passed Oct. 1 – Dec. 31)	Auto 1% Cut (12/12 Appropriations Bills Passed Jan. 1 – Sept. 30 OR Full-Year CR)
Defense Discretionary			
Discretionary Cap (budget authority; billions)	FY 2024: \$884 FY 2025: \$907	FY 2024: \$886 FY 2025: \$895	FY 2024: \$850 FY 2025: \$850
Savings Relative to Baseline (budget authority; billions)	N/A	FY 2024: +\$2 FY 2025: -\$12	FY 2024: -\$34 FY 2025: -\$57
% of Total Discretionary BA	52.0	55.7	53.6
Non-Defense Discretionary			
Discretionary Cap (budget authority; billions)	FY 2024: \$816 FY 2025: \$835	FY 2024: \$704 FY 2025: \$711	FY 2024: \$736 FY 2025: \$736
Savings Relative to Baseline (budget authority; billions)	N/A	FY 2024: -\$112 FY 2025: -\$124	FY 2024: -\$80 FY 2025: -\$99
% of Total Discretionary BA	48.0	44.3	46.4
Potential Additions (budget authority; billions)	N/A	Commerce Expenses Fund: \$22 IRS Rescissions: \$20	N/A
Total			
Total Savings Relative to Baseline (budget authority; billions)	N/A	FY 2024: -\$110 FY 2025: -\$136	FY 2024: -\$114 FY 2025: -\$156

Is it a ceiling or is it a floor?

House = Ceiling

Senate = Floor

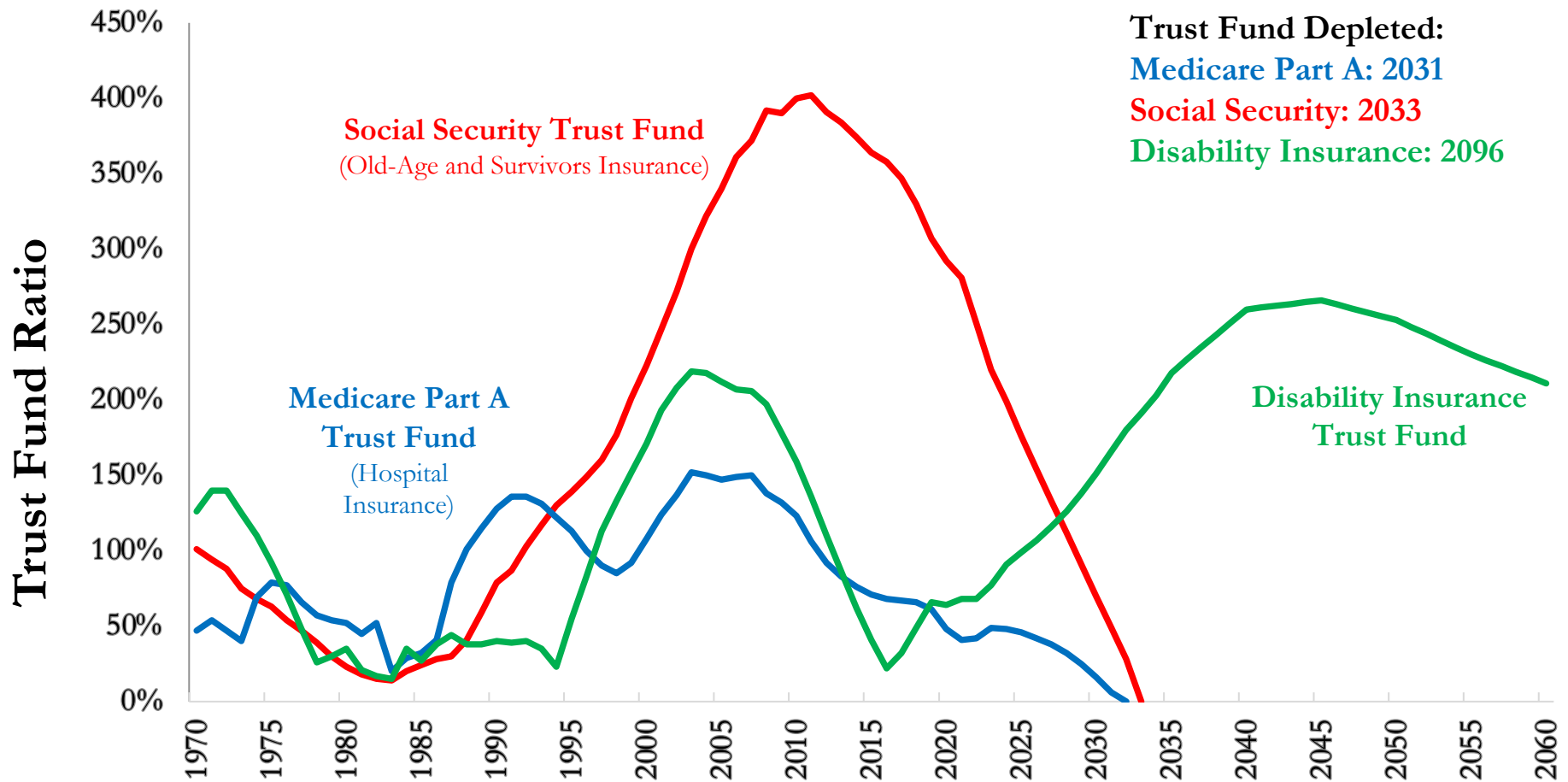
Appropriations subcommittee	FY24 Senate (\$M)	FY23 enacted (\$M)	Senate vs. FY23 (\$M)	Senate vs. FY23 (%)	FY24 House (\$M)	Senate vs. House (\$M)	Senate vs. House (%)
Agriculture*	25,993	25,480	+513	+2.0%	17,838	+8,155	+45.7%
Commerce-Justice-Science	69,637	82,441	-12,804	-15.5%	58,676	+10,961	+18.7%
Defense	823,267	797,736	+25,531	+3.2%	826,448	-3,181	-0.4%
Energy-Water	56,730	54,000	+2,730	+5.1%	52,378	+4,352	+8.3%
Financial Services*	16,807	27,556	-10,749	-39.0%	11,311	+5,496	+48.6%
Homeland Security	56,923	60,703	-3,780	-6.2%	62,793	-5,870	-9.3%
Interior-Environment	37,850	38,850	-1,000	-2.6%	25,417	+12,433	+48.9%
Labor-HHS-Education	195,231	207,367	-12,136	-5.9%	147,096	+48,135	+32.7%
Legislative Branch	6,761	6,900	-139	-2.0%	6,746	+15	+0.2%
Military Construction-VA	154,352	154,168	+184	+0.1%	155,701	-1,349	-0.9%
State Foreign Operations	58,358	59,693	-1,335	-2.2%	41,367	+16,991	+41.1%
Transportation-HUD	88,091	87,332	+759	+0.9%	65,208	+22,883	+35.1%
Total	1,590,000	1,602,226	-12,226	-0.8%	1,470,979	+119,021	+8.1%

*Commodity Futures Trading Commission funded in House Agriculture bill, Senate Financial Services bill

NOTE: Totals do not include cap adjustments or other add-ons allowed above the regular allocations

OASDI & HI Trust Funds

Social Security (OASI):
 Early Retirement Impact Today: 52
 Full Retirement Impact Today: 57



Source: Social Security and Medicare Boards of Trustees; March 31, 2023



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