

Modest health care spending rise expected for 2013: report

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But it will outpace economic growth in years to come, government researchers say.

(HealthDay) -- Health care spending in the United States from 2011 to 2013 is expected to grow 4 percent, which is slightly more than the historic low of 3.8 percent in 2009, government officials said Tuesday.

According to the experts at the U.S. Centers for Medicare and Medicaid Services (CMS), growth in [health care spending](#) by consumers remained sluggish in 2011 and that trend is expected to continue this year and next.

"We are expecting near-historic low growth in [health spending](#) for the first three years of our projection period," Sean Keehan, a senior economist in the CMS Office of the Actuary and lead author of the report, said during an early-afternoon press conference.

But in 2014, when all the facets of the Affordable Care Act go into

effect, [health care](#) spending is expected to increase significantly, he added. "This is especially the case for [prescription drugs](#) and clinician clinical services," Keehan said.

"In addition, by 2021, the number of uninsured people is expected to be reduced by nearly 30 million," Keehan noted.

By 2021, health care spending is expected to be 19.6 percent of the gross domestic product (GDP), up from 17.9 percent in 2010, according to the report published online June 12 and in the July print edition of [Health Affairs](#).

Despite the slow rate in health spending growth seen during the [recession](#) and beyond, in 2014 health spending growth is expected to pick up and accelerate to 7.4 percent. This increase is largely due to the expansion of the Affordable Care Act, which will make medical care accessible for many more people, according to the report.

In addition, from 2011 through 2021, health care spending is expected to grow an average of 5.7 percent a year, which is 0.9 percent faster than the expected yearly increase in [gross domestic product](#) over that time.

And by 2021, federal, state and local government health care spending is expected to account for almost 50 percent of national health expenditures. That's up from 46 percent in 2011, with federal spending accounting for some two-thirds of the total government share, the researchers reported.

These rising costs are being driven by more baby boomers enrolling in Medicare and more people taking advantage of [Medicaid](#) as its coverage is expanded under the Affordable Care Act. In addition, subsidizing people who buy their health care insurance through health insurance exchange plans will increase government's bottom line, the report

authors noted.

"By the end of the projection period, higher income growth and the continuing shift of baby boomers into Medicare are expected to cause health spending to grow roughly 2 percentage points faster than overall economic growth, which is about the same differential experienced over the past 30 years," the study authors concluded.

Some factors that may make it necessary to update these projections include the slow growth of the economy and the upcoming U.S. Supreme Court ruling on the [Affordable Care](#) Act, which is expected this month.

"Like everyone else, we are waiting to see what the Supreme Court finds," Keehan said. "We don't have any plans to redo the projections immediately following the decision, but those plans could change depending on what the decision is."

More information: For more about health care spending, visit the [Kaiser Family Foundation](#).

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