

National health spending set to increase 5.5 percent annually

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(HealthDay)—National health spending is projected to increase at an

annual rate of 5.5. percent from 2018 to 2027, with fundamental economic and demographic factors the main drivers, according to a report published online Feb. 20 in *Health Affairs*.

Andrea M. Sisko, Ph.D., from the Centers for Medicare & Medicaid Services in Baltimore, and colleagues estimated future health care spending and enrollment based on economic and demographic assumptions.

The researchers note that national health expenditures are projected to grow at an average annual rate of 5.5 percent from 2018 to 2027, representing 19.4 percent of gross domestic product in 2027. Long-observed demographic and [economic factors](#) that are fundamental to the health sector are expected to drive national health spending growth during this period. On average, prices for health care goods and services are expected to grow 2.5 percent per year, which is faster than the average price growth experienced over the last decade; these prices are expected to account for almost half of the projected growth in personal health care spending. Over the projection period, average annual spending growth in Medicare is expected to exceed that in Medicaid and [private health insurance](#) (7.4 versus 5.5 and 4.8 percent, respectively), mainly due to comparatively higher projected enrollment growth.

"While Medicare spending is expected to accelerate the fastest among payers and contribute to the increase, growth in health prices and disposable personal income are also significant contributors," Sisko said in a statement.

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