



**Congressional Budget Office**

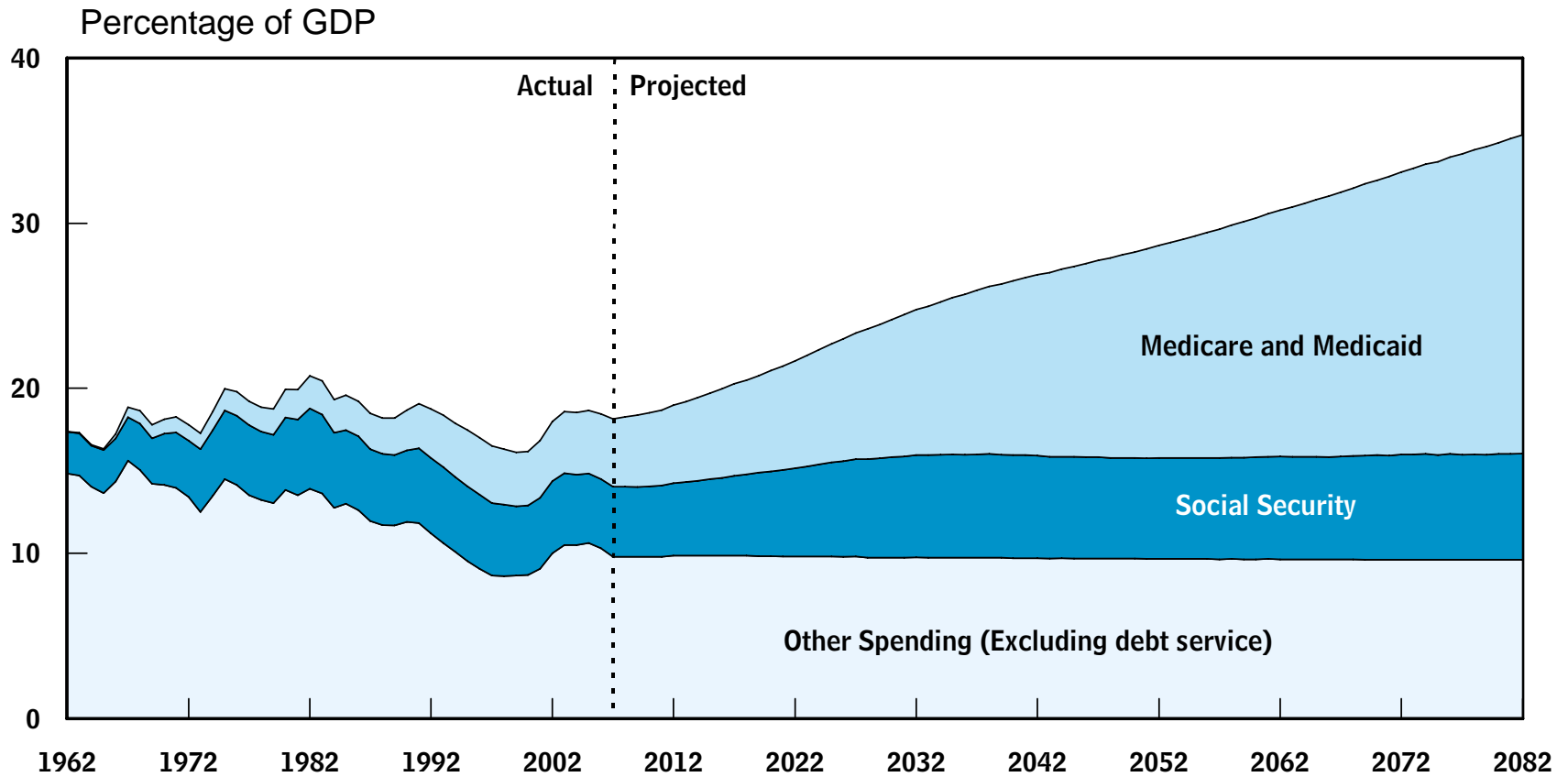
**Presentation to the National Governors Association's  
Health and Human Services Committee**

# **The Outlook for Spending on Health Care and Long-Term Care**

**February 24, 2008**

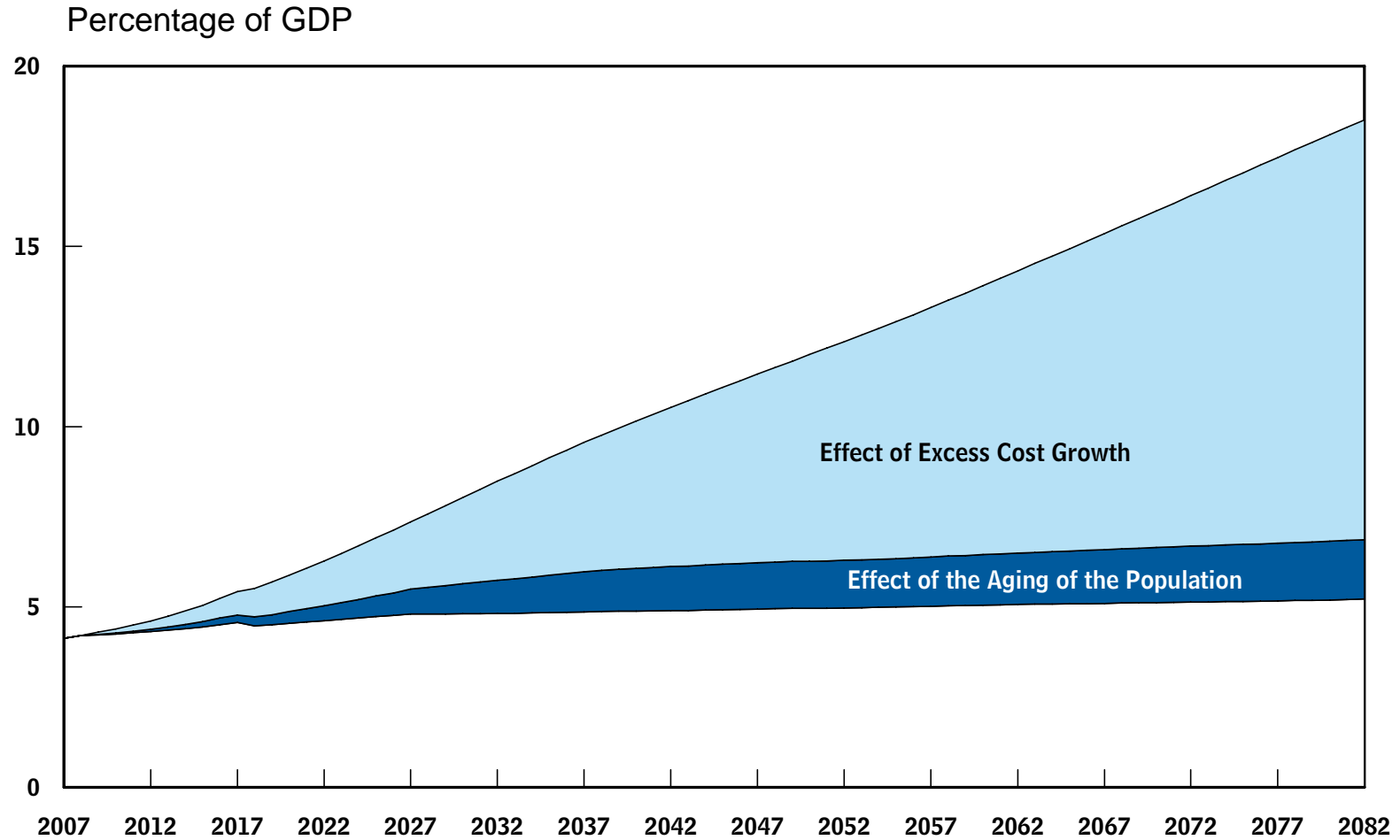


# Federal Spending Under CBO's Alternative Fiscal Scenario



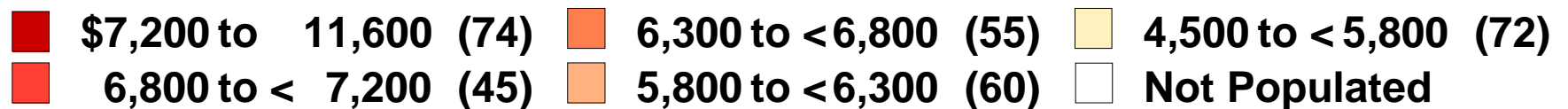
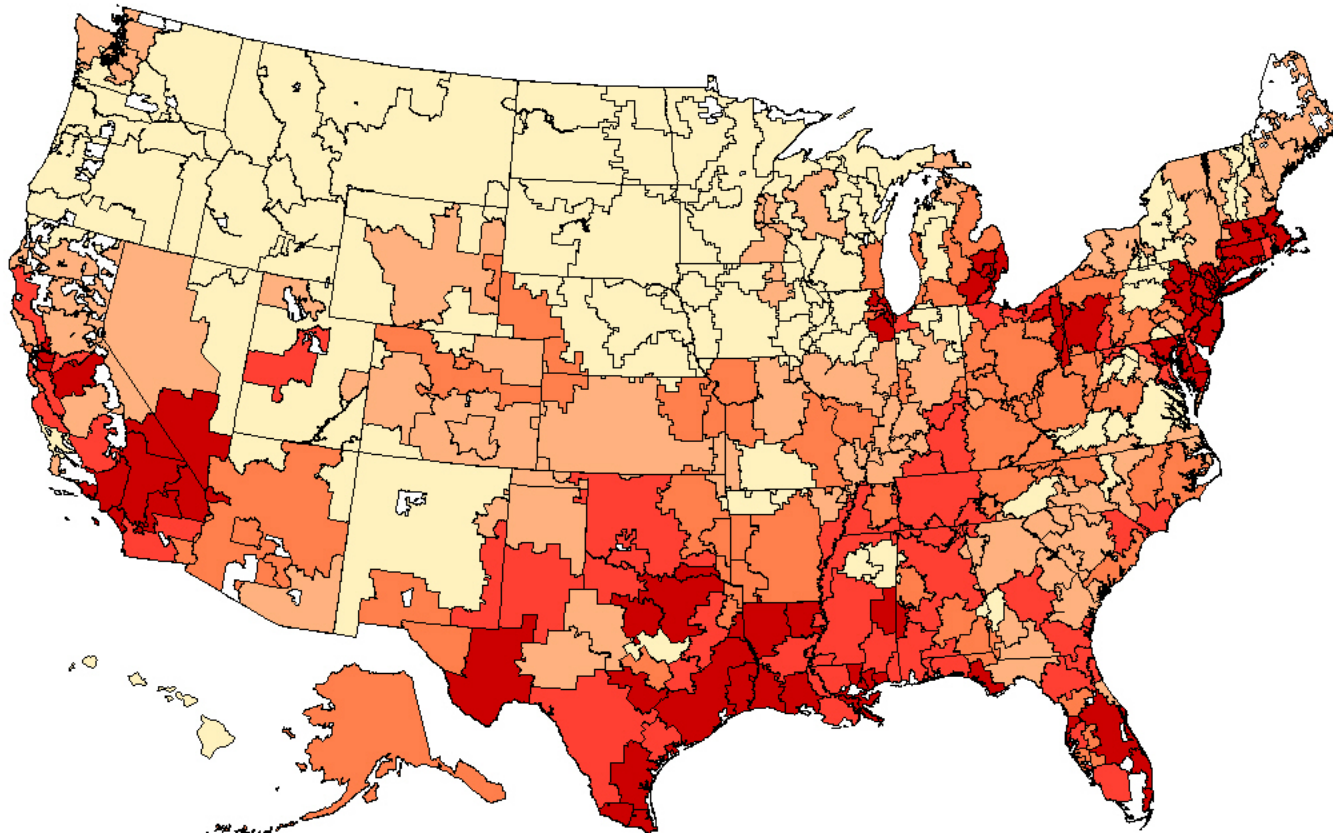


# Sources of Growth in Projected Federal Spending on Medicare and Medicaid





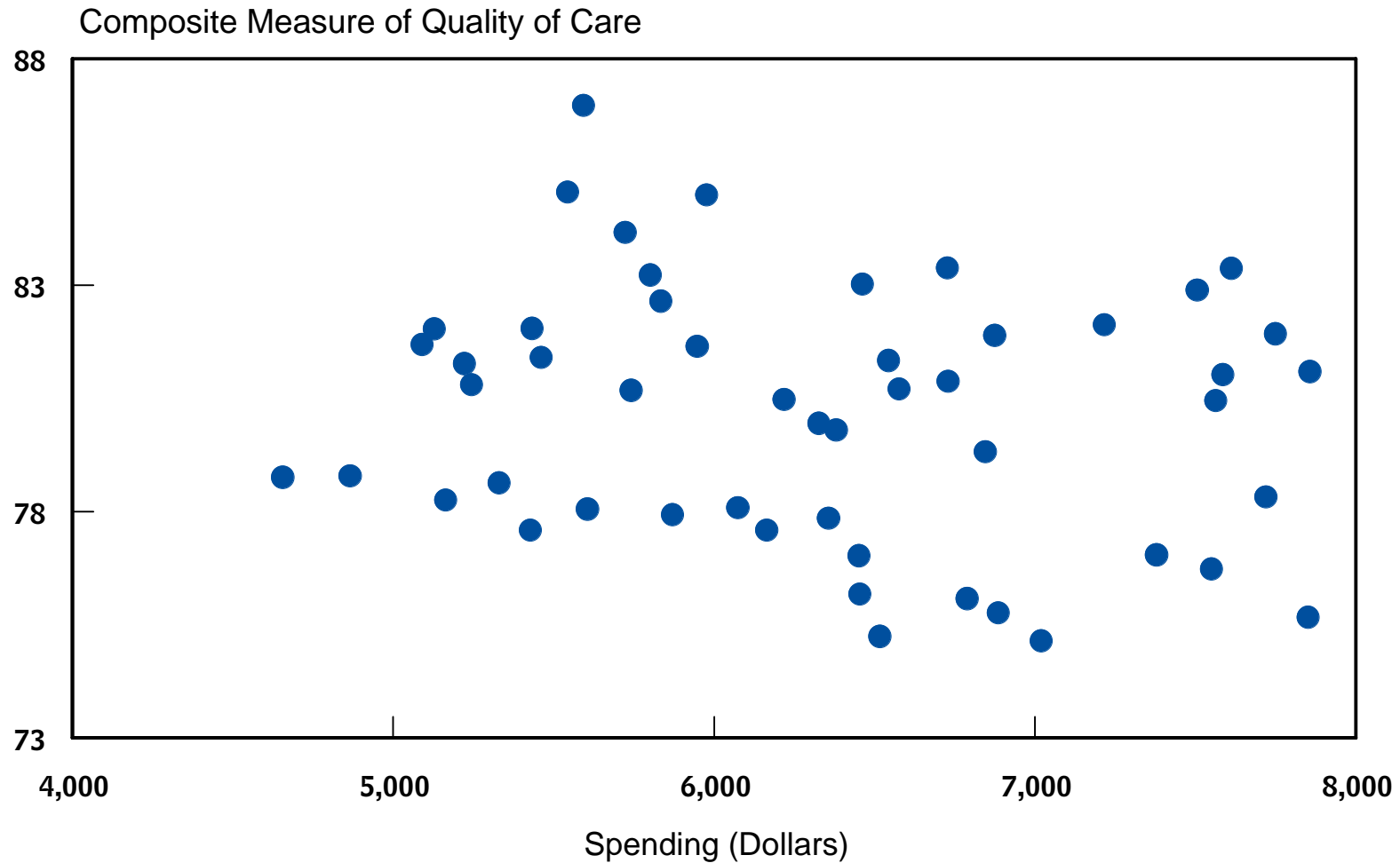
## Medicare Spending per Capita in the United States, by Hospital Referral Region, 2003



Source: [www.dartmouthatlas.org](http://www.dartmouthatlas.org).



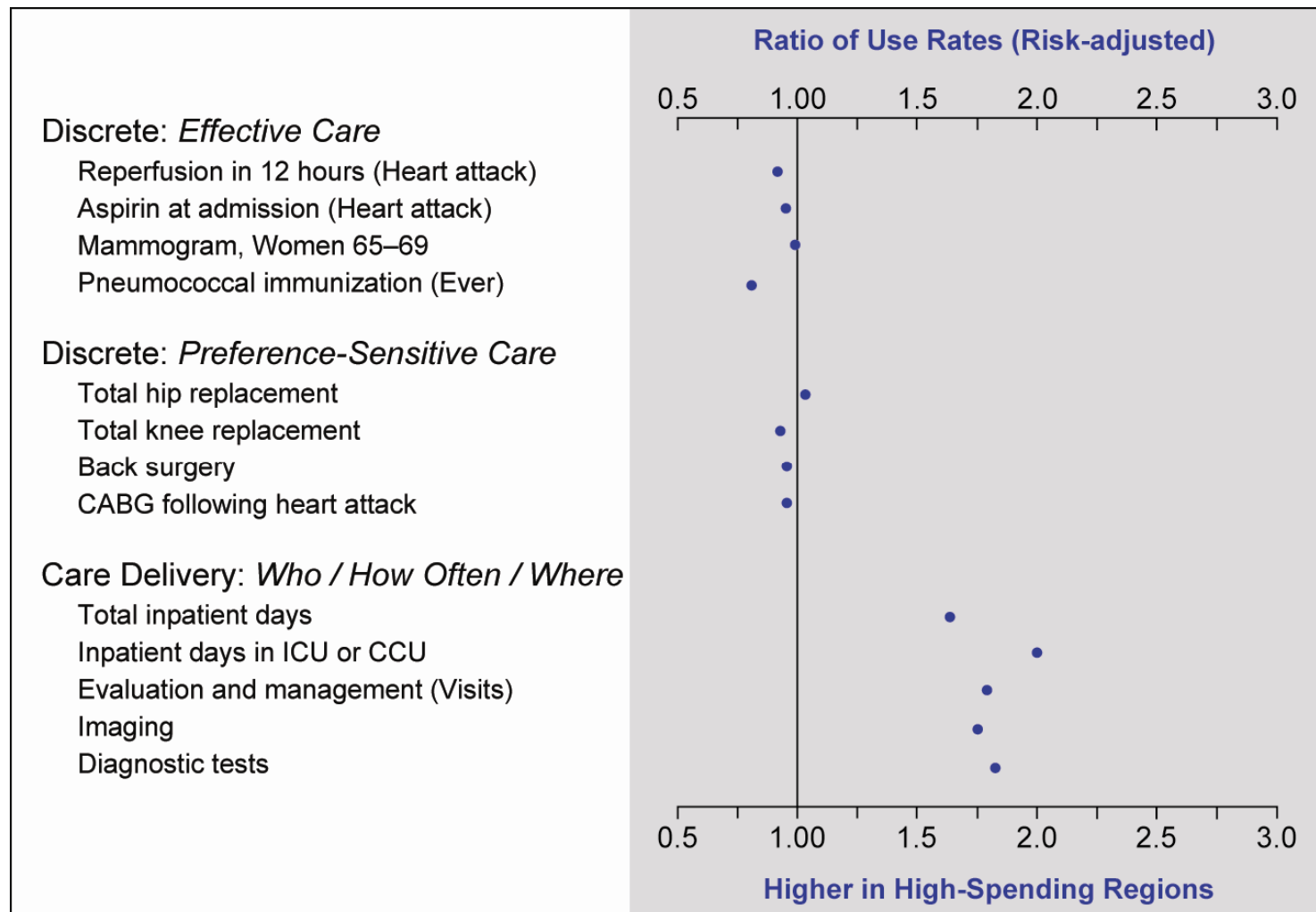
## The Relationship Between Quality and Medicare Spending, by State, 2004



Source: Data from AHRQ and CMS.



# What Additional Services Are Provided in High-Spending Regions?



Source: Elliot Fisher, Dartmouth Medical School.



## Variations Among Academic Medical Centers

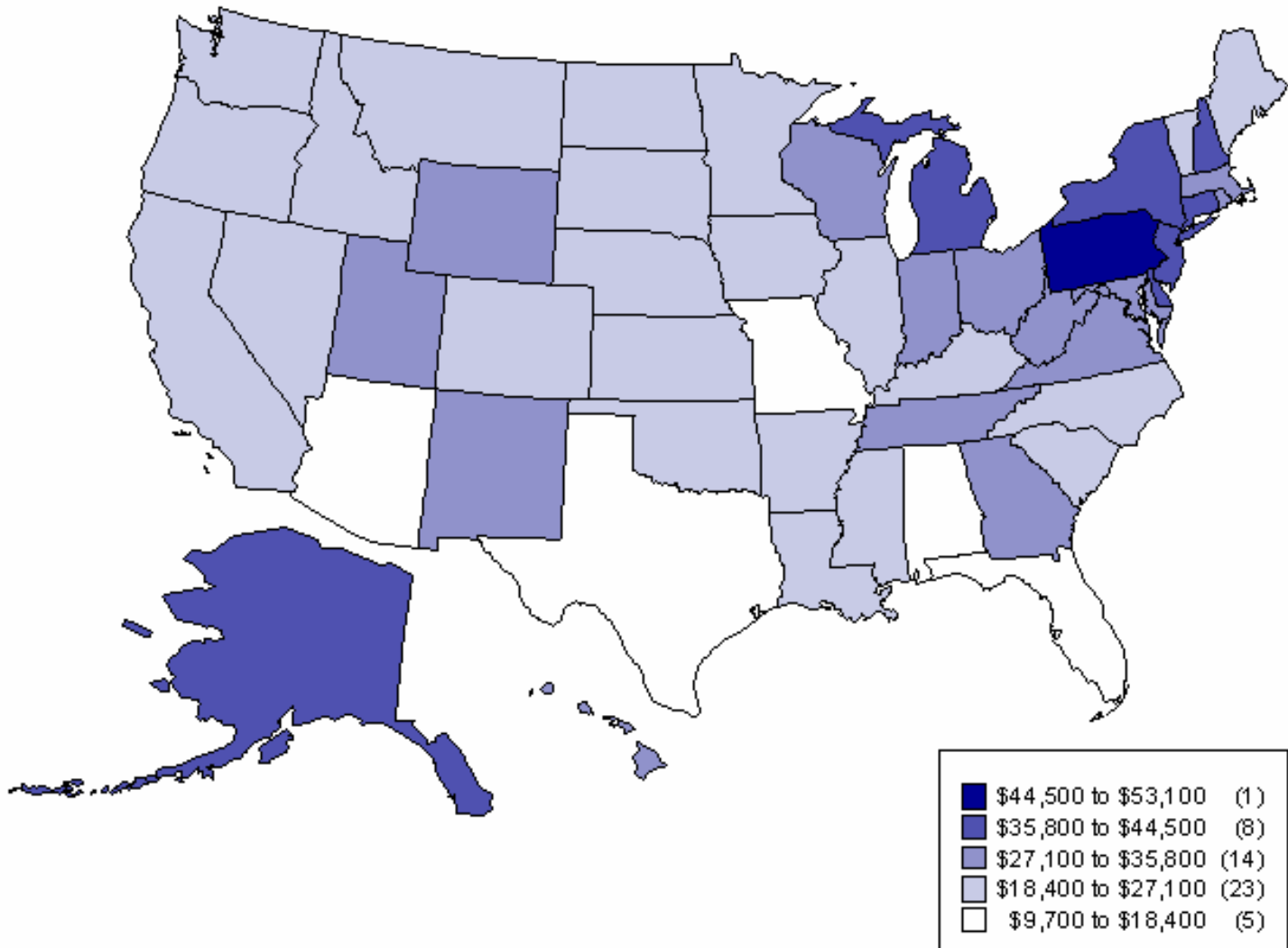
*Use of Biologically Targeted Interventions and Care-Delivery Methods Among Three of U.S. News and World Report's "Honor Roll" AMCs*

	UCLA Medical Center	Massachusetts General Hospital	Mayo Clinic (St. Mary's Hospital)
<b>Biologically Targeted Interventions: Acute Inpatient Care</b>			
CMS composite quality score	81.5	85.9	90.4
<b>Care Delivery—and Spending—Among Medicare Patients in Last Six Months of Life</b>			
Total Medicare spending	50,522	40,181	26,330
Hospital days	19.2	17.7	12.9
Physician visits	52.1	42.2	23.9
Ratio, medical specialist / primary care	2.9	1.0	1.1

Source: Elliot Fisher, Dartmouth Medical School.



## Medicaid Spending per Patient for Long-Term Care, 2005

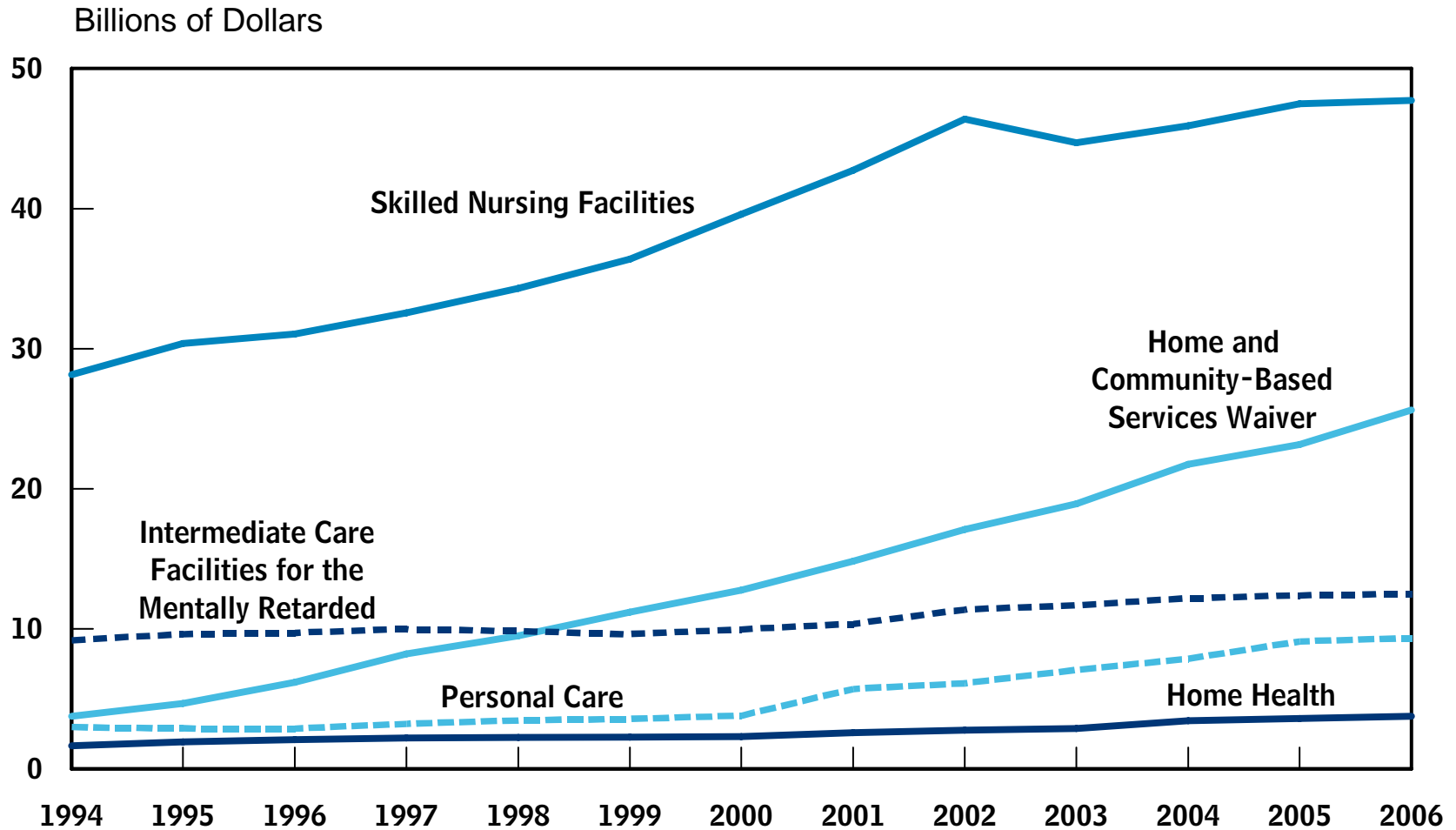


Source: CBO calculations using data from Thomson Healthcare and the Medicaid Statistical Information System.





# Medicaid Spending for Long-Term Care, by Type of Service



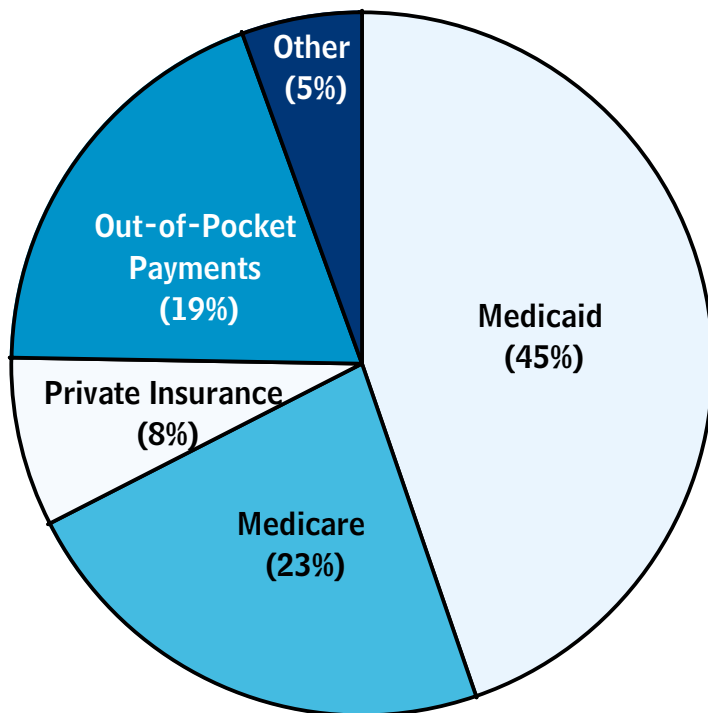
Source: Thomson Healthcare analysis using CMS 64 data.

Note: Data include federal and state spending.

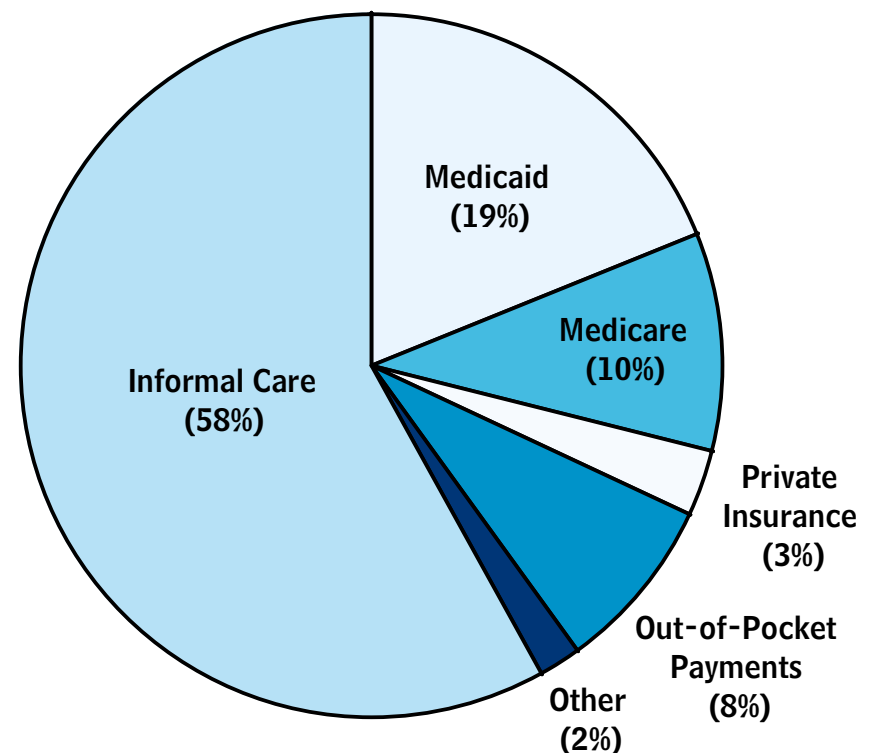


## Spending for Long-Term Care, by Source, 2006

**Not Including Informal Care**



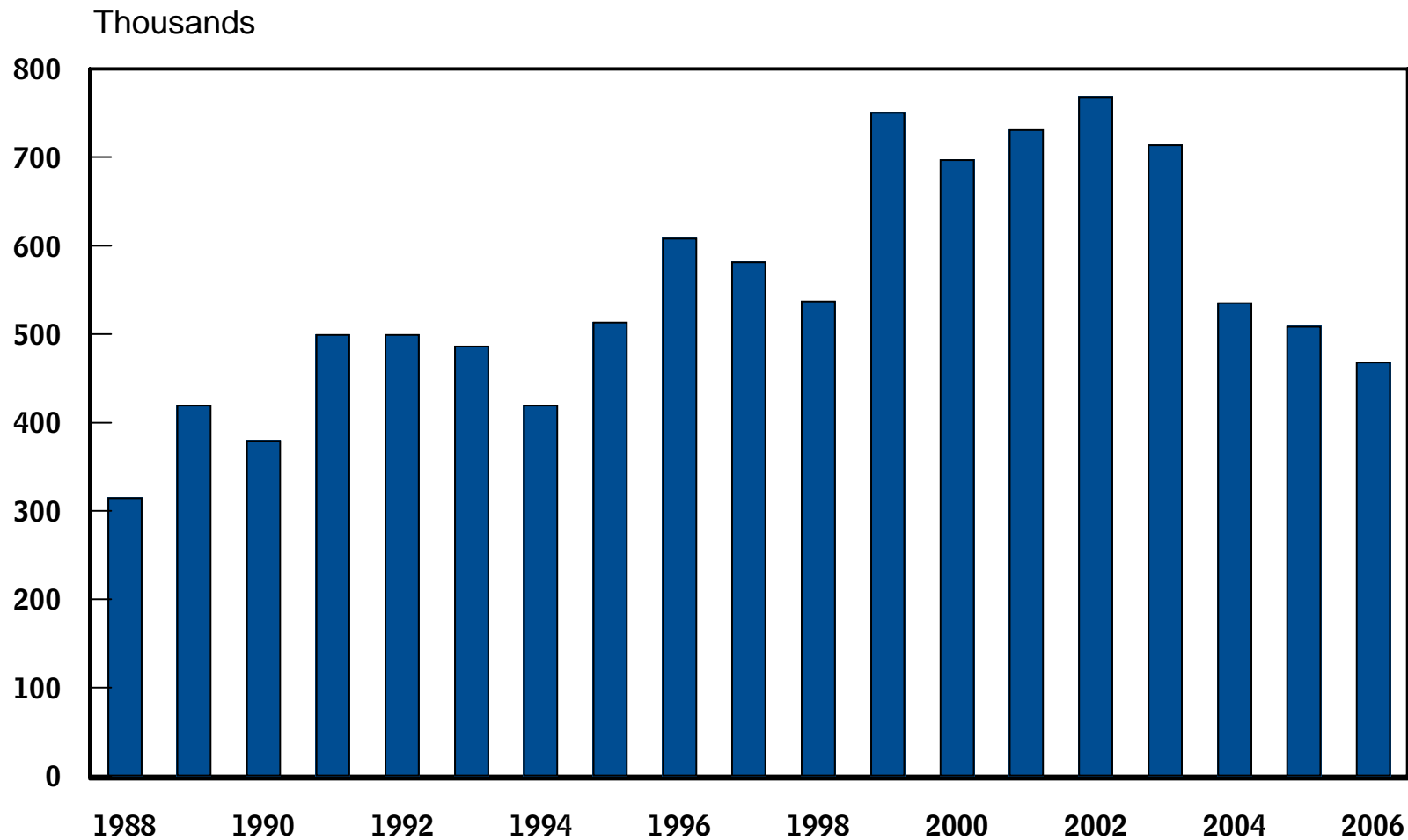
**Including Informal Care**



Sources: CBO; CMS Office of the Actuary; and Arno, P., and others, "The Economic Value of Informal Caregiving," *Health Affairs*, vol. 18, no. 2 (2002).



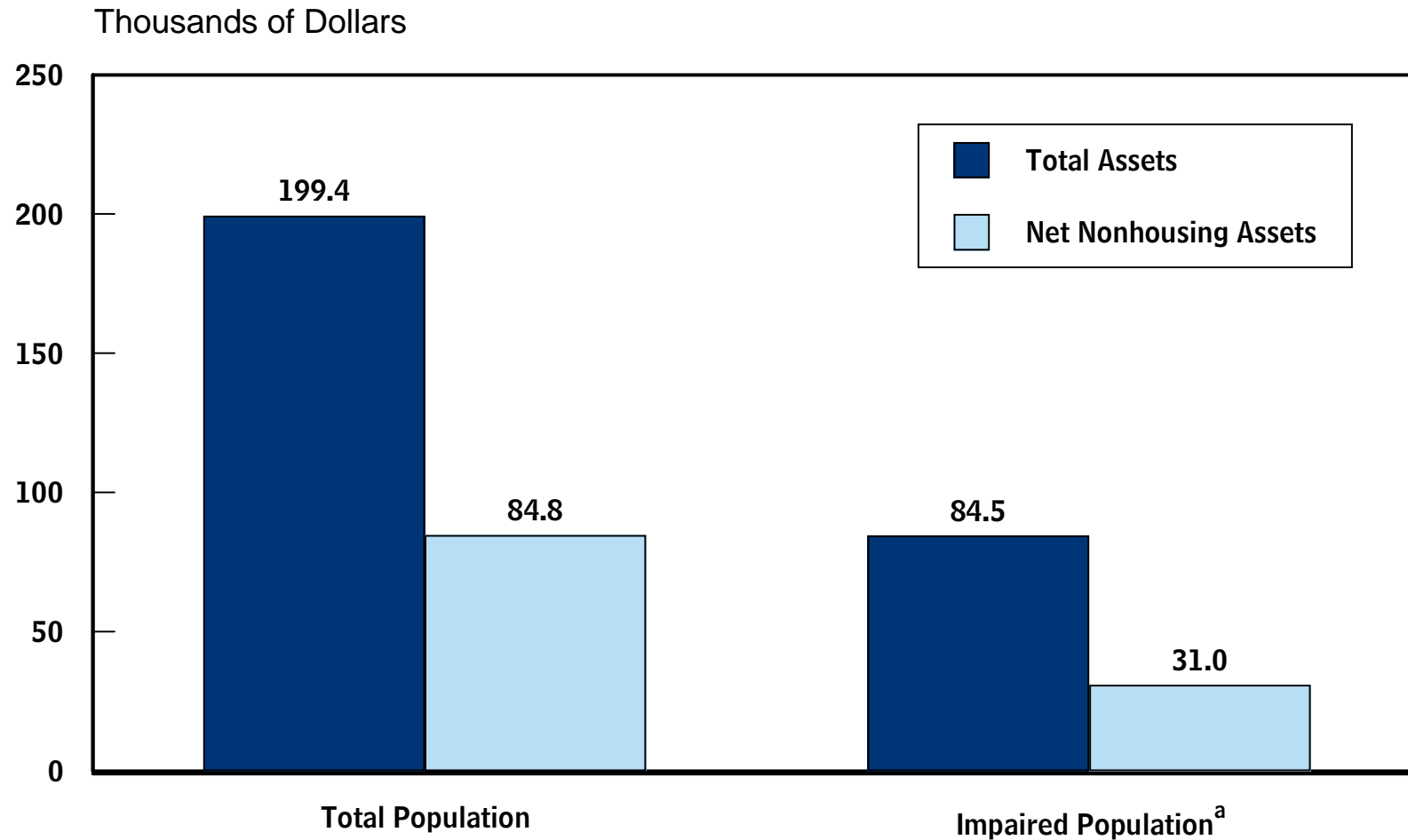
## The Number of Long-Term Care Insurance Policies Sold



Sources: CBO (based on conversations with industry experts) and data from AHIP.



## Median Assets of Married People Ages 63 to 67 in the Population as a Whole and Within the Impaired Population, 2002

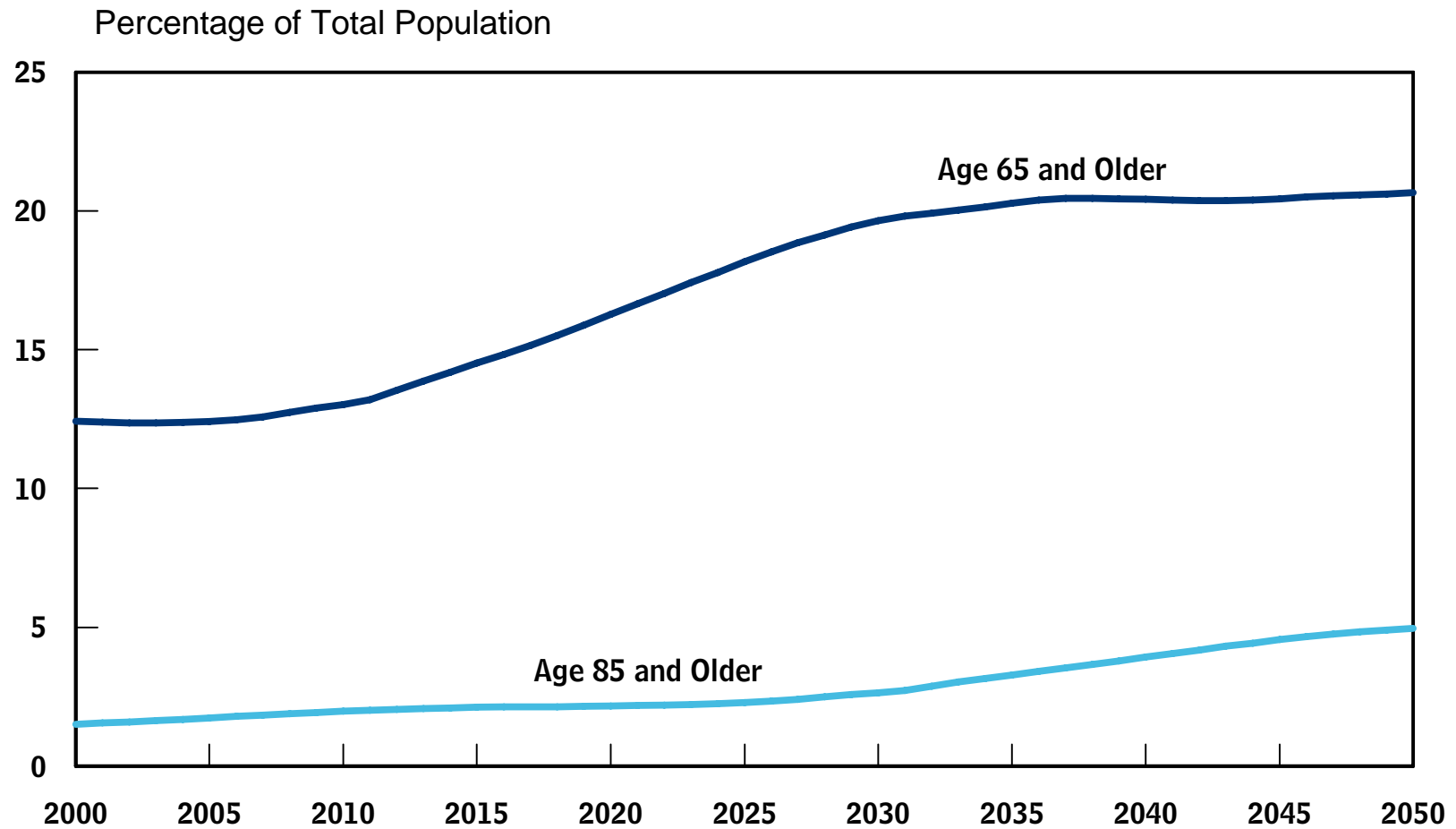


Source: HRS/AHEAD.

a. Impaired is defined as having three or more losses in the health activities of daily living.



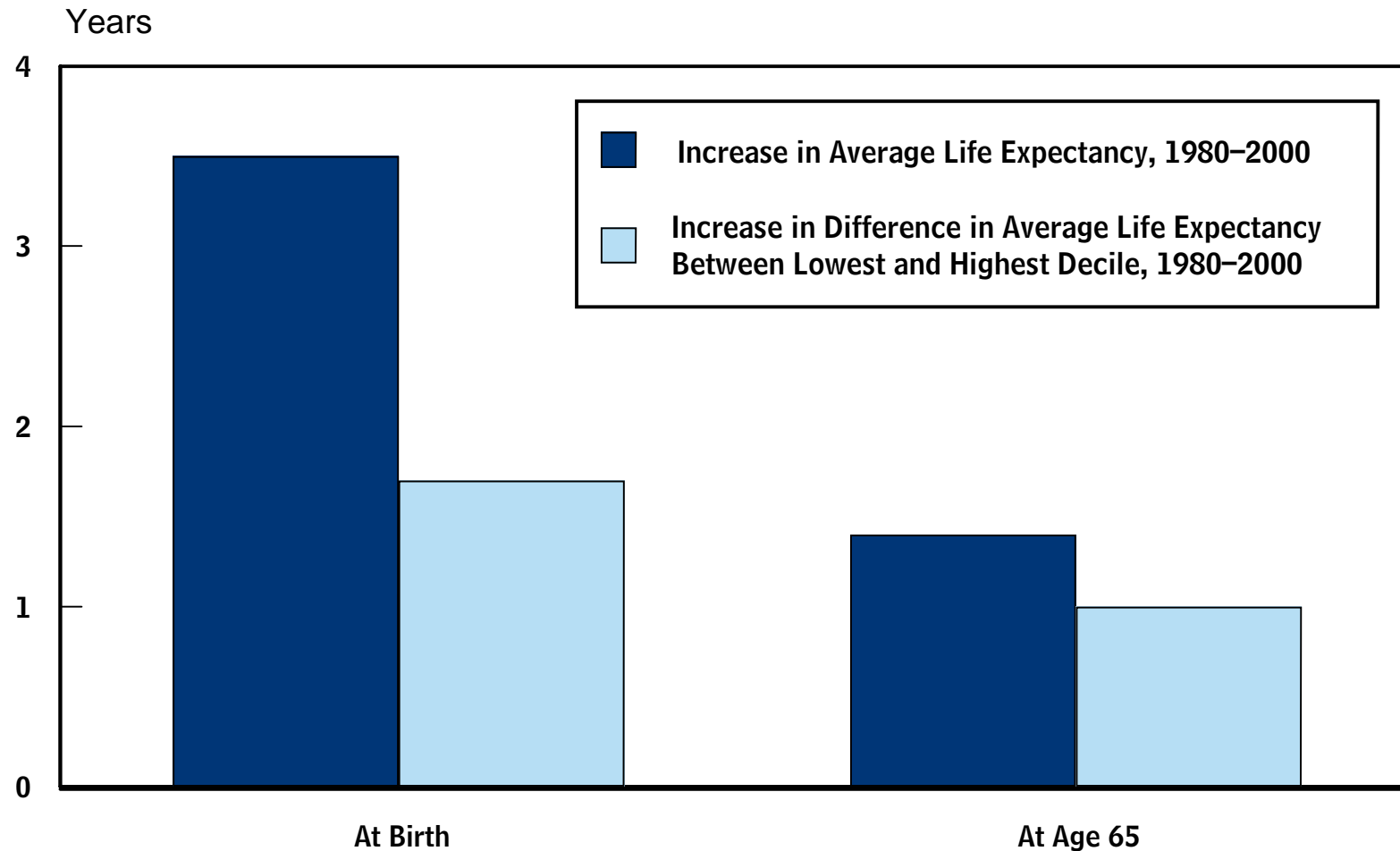
# Projections of the U.S. Elderly Population



Source: U.S. Bureau of the Census.



## Increase in Life Expectancy and Increase in Difference in Life Expectancy by Economic Status



Source: Data from Singh and Siahpush (2006) and CDC.



## CBO's Activities in Analyzing Health Care

- New Hires and Expanded Staffing
  - New deputy assistant director (Keith Fontenot) in the Budget Analysis Division
  - Increase in health staff agencywide from 30 FTEs to 40 FTEs (Plus 6 new hires)
  - FY 2009 plans
  
- Reports and Analysis in 2008
  - Critical Topics in Health Reform
  - Health Options