



Congressional Budget Office

**Presentation to the Center for Strategic &
International Studies**

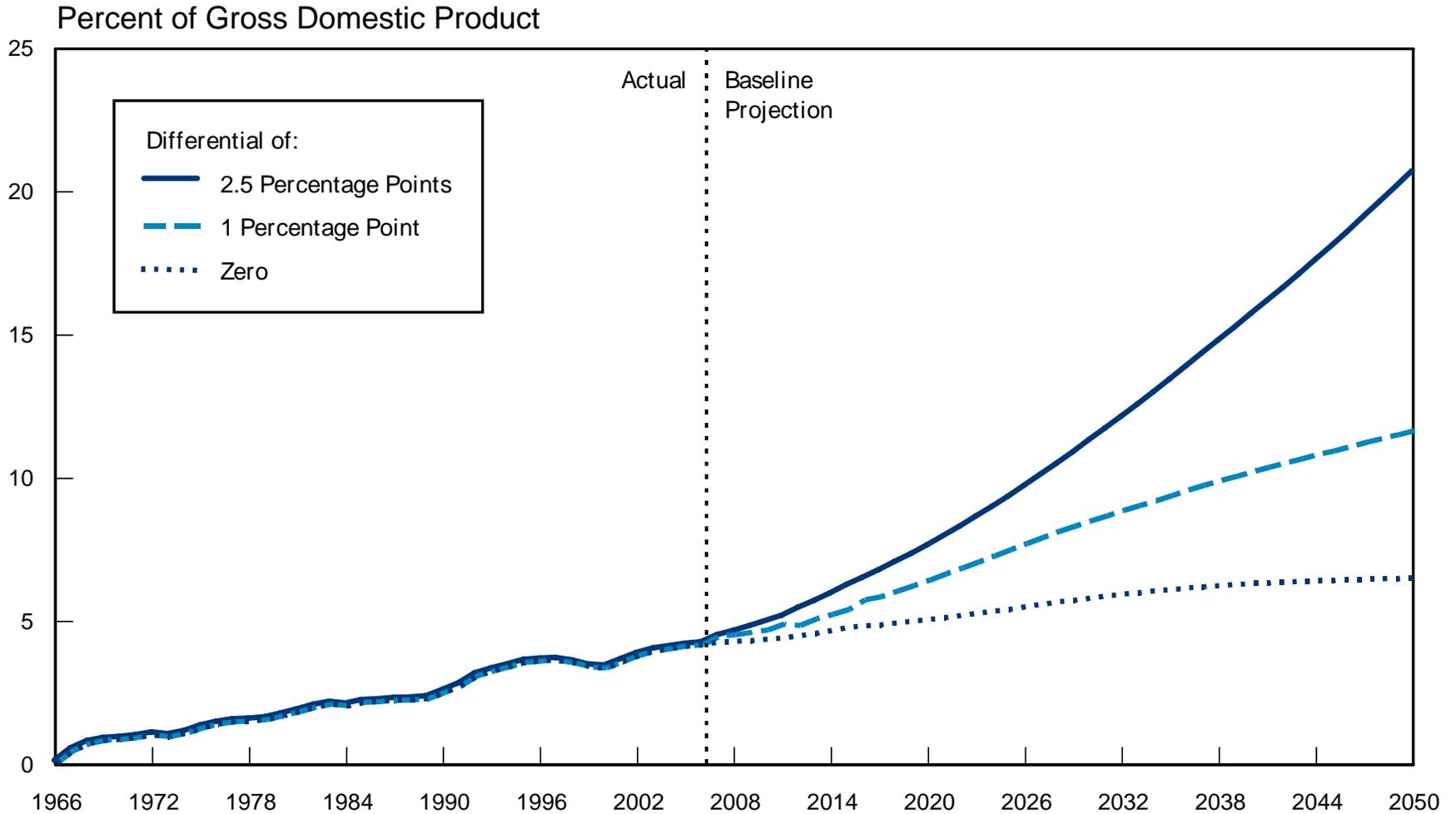
Health Care Issues and Challenges for Reform

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Director, Congressional Budget Office**

July 16, 2007

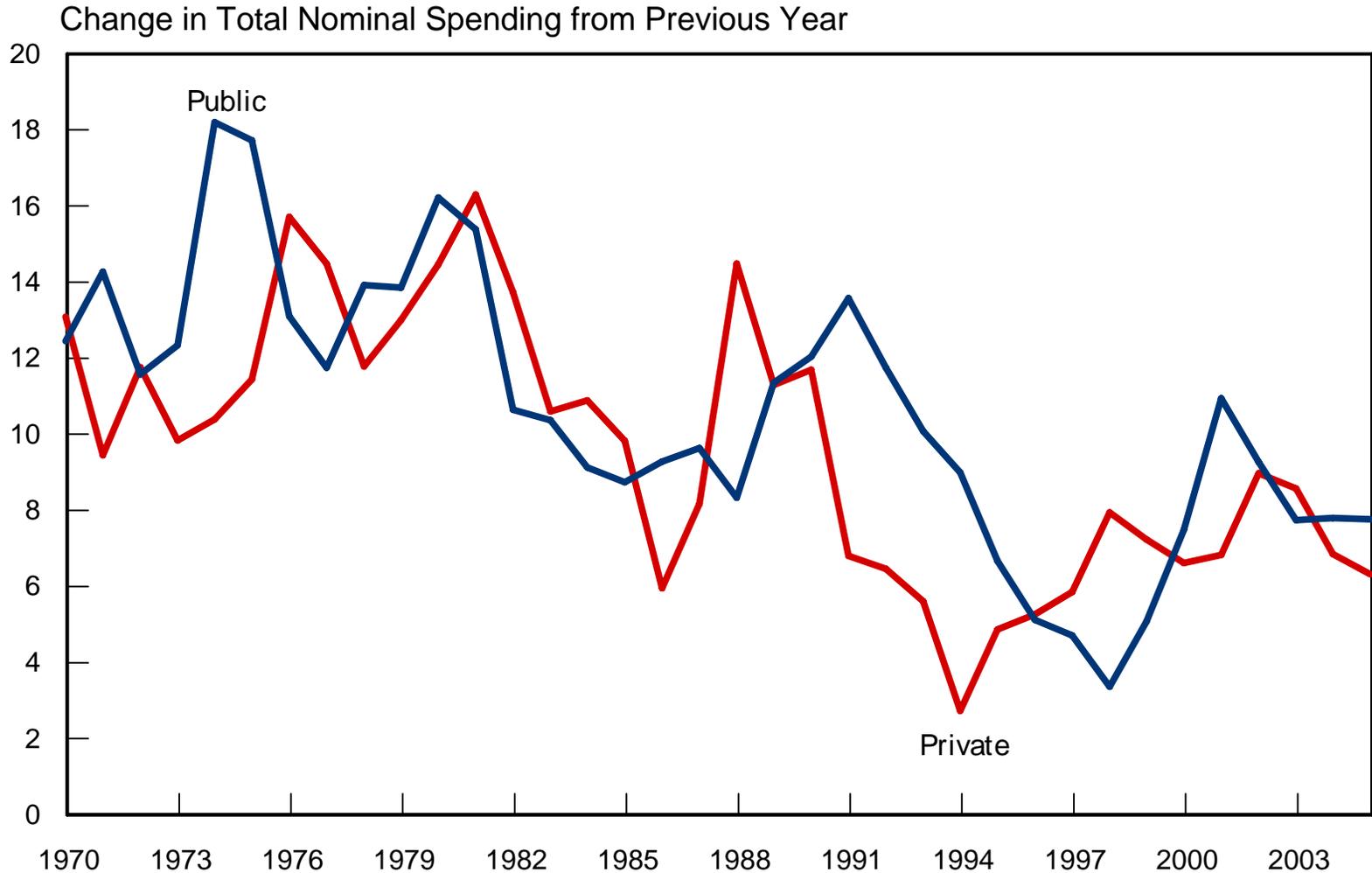


Total Federal Spending for Medicare and Medicaid Under Assumptions About the Health Cost Growth Differential





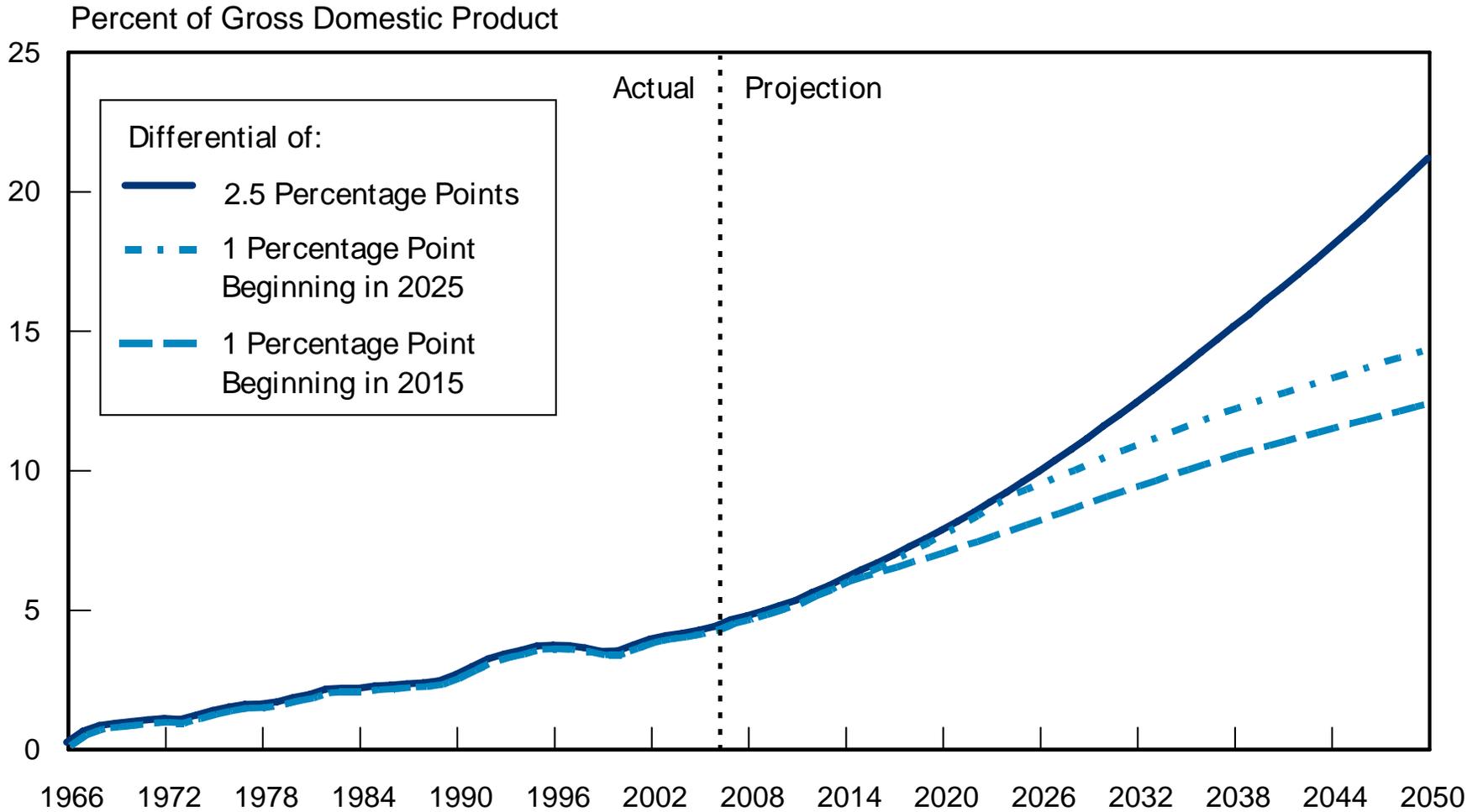
Annual Growth Rates of Private and Public Health Care Spending



Source: CMS's data on national health expenditures.

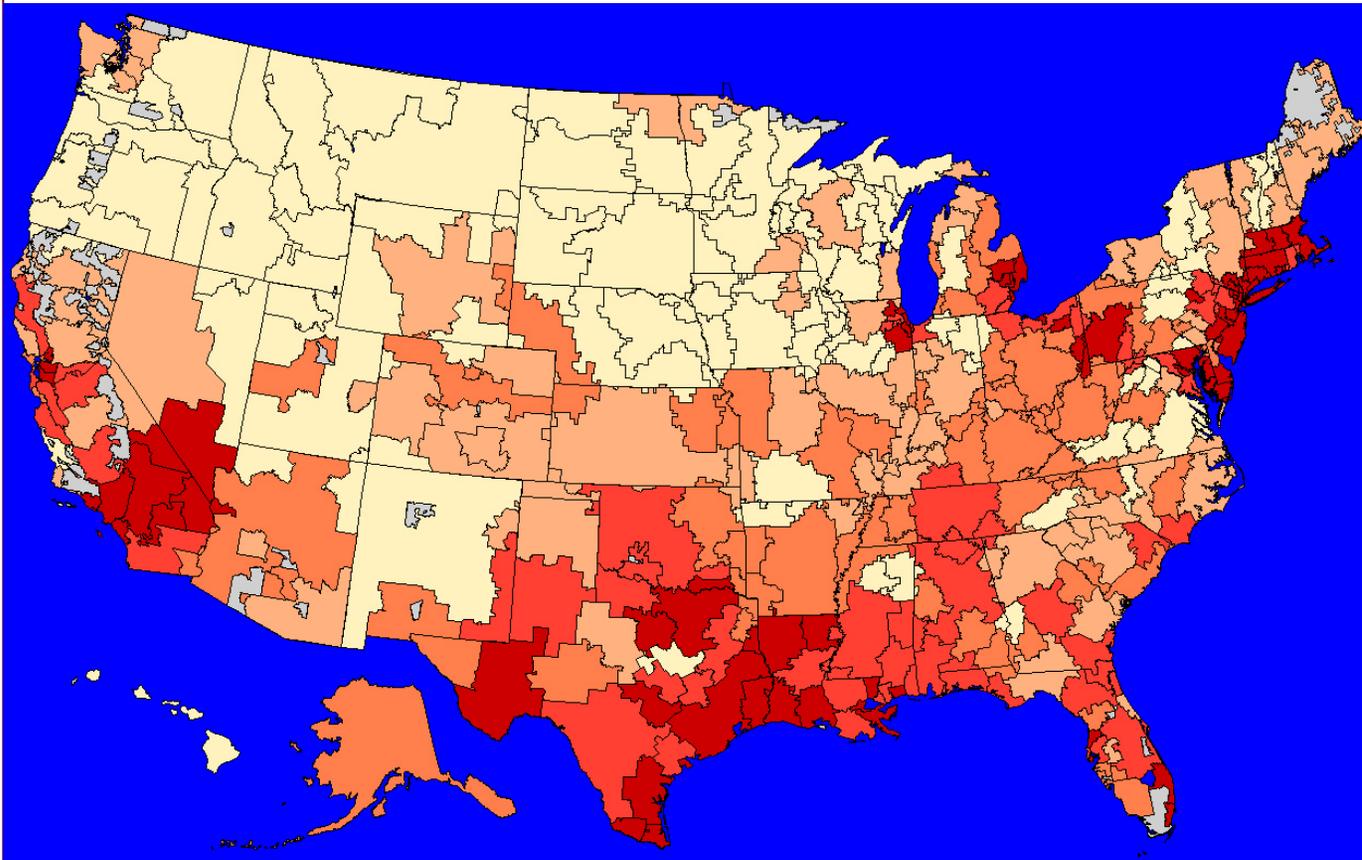


Effects of Slowing the Growth of Spending for Medicare and Medicaid





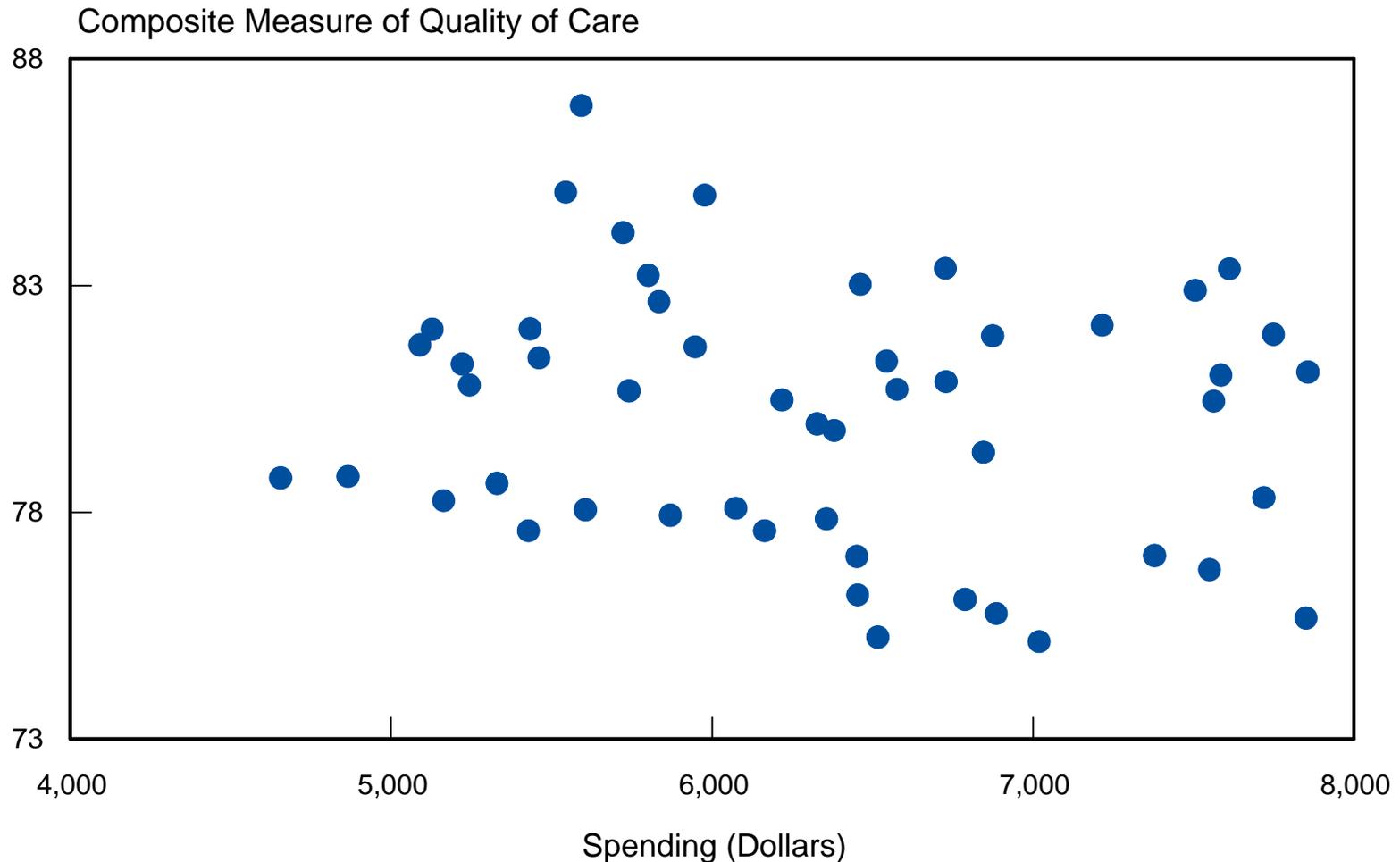
Medicare Spending per Capita in the United States, by Hospital Referral Region, 2003



Source: www.dartmouthatlas.org



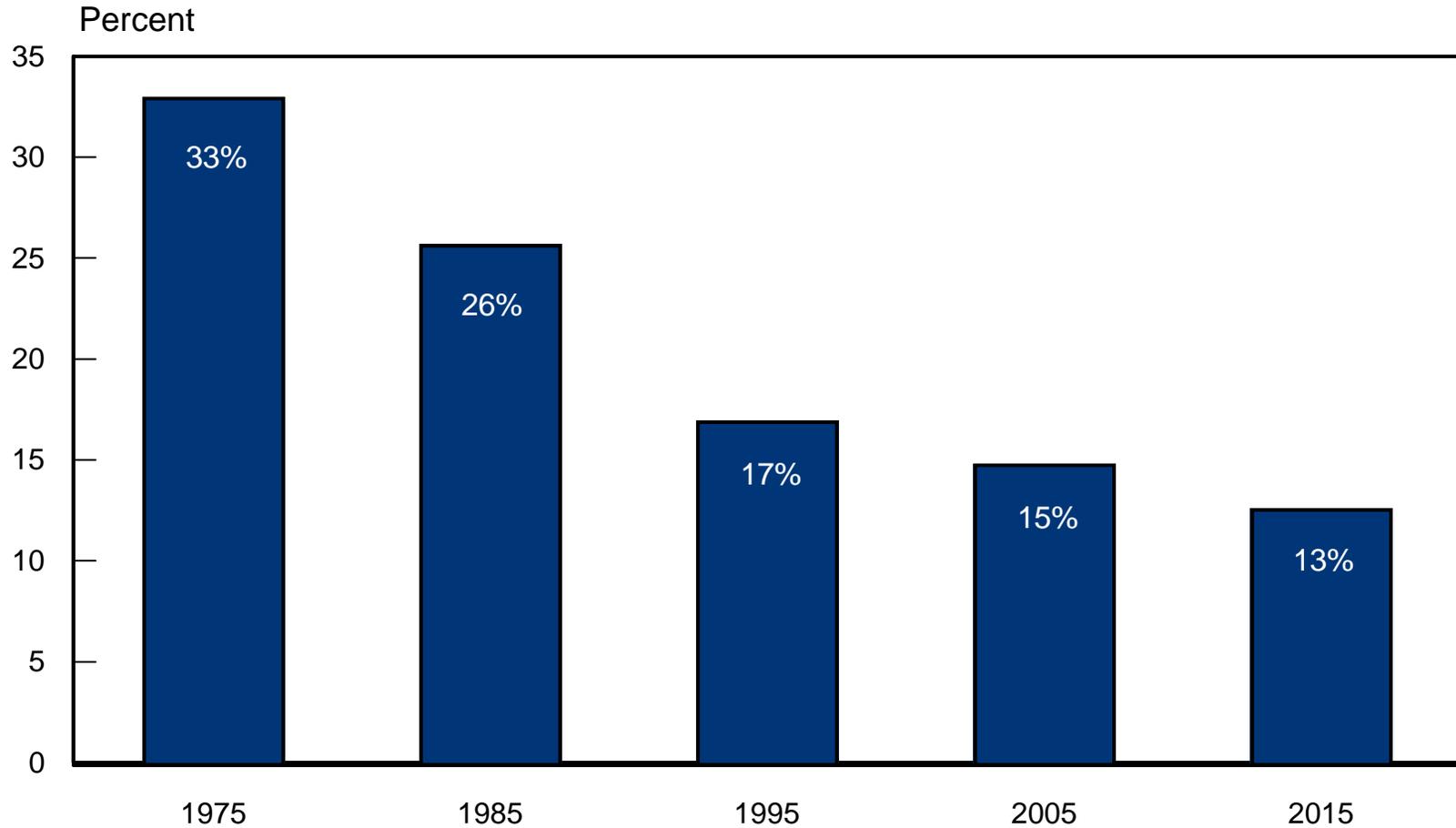
The Relationship Between Quality and Medicare Spending, by State, 2004



Source: Data from AHRQ and CMS.



Share of Personal Health Care Expenditures Paid Out of Pocket



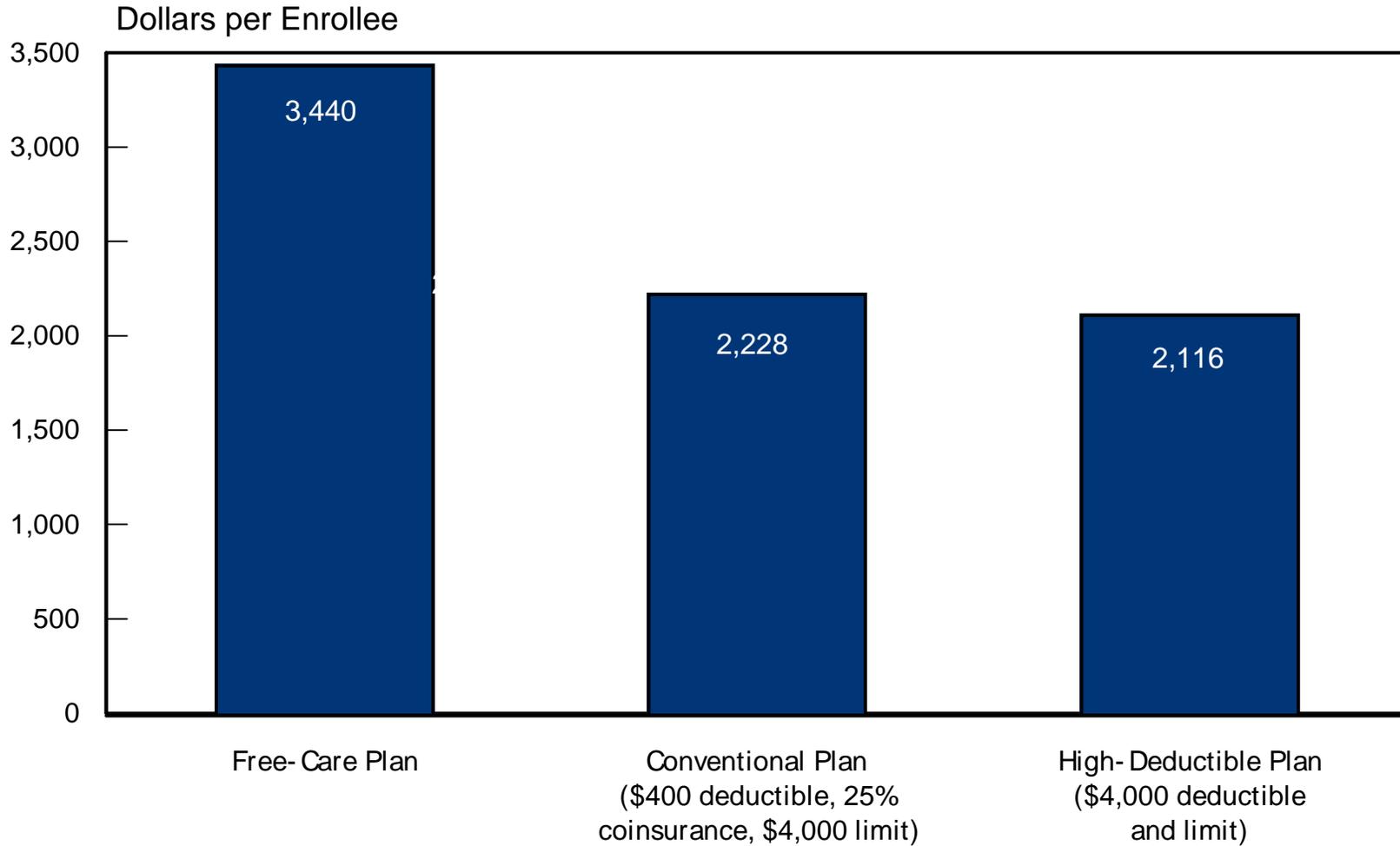


RAND's Experiment on Health Insurance

- Compared spending and health under various insurance designs
- Found that initial cost sharing could have substantial effects on total spending
- Cost sharing reduced both effective and ineffective care about equally
- Design of plan had no impact on health for most enrollees; some benefit of free care for low-income enrollees in the poorest health



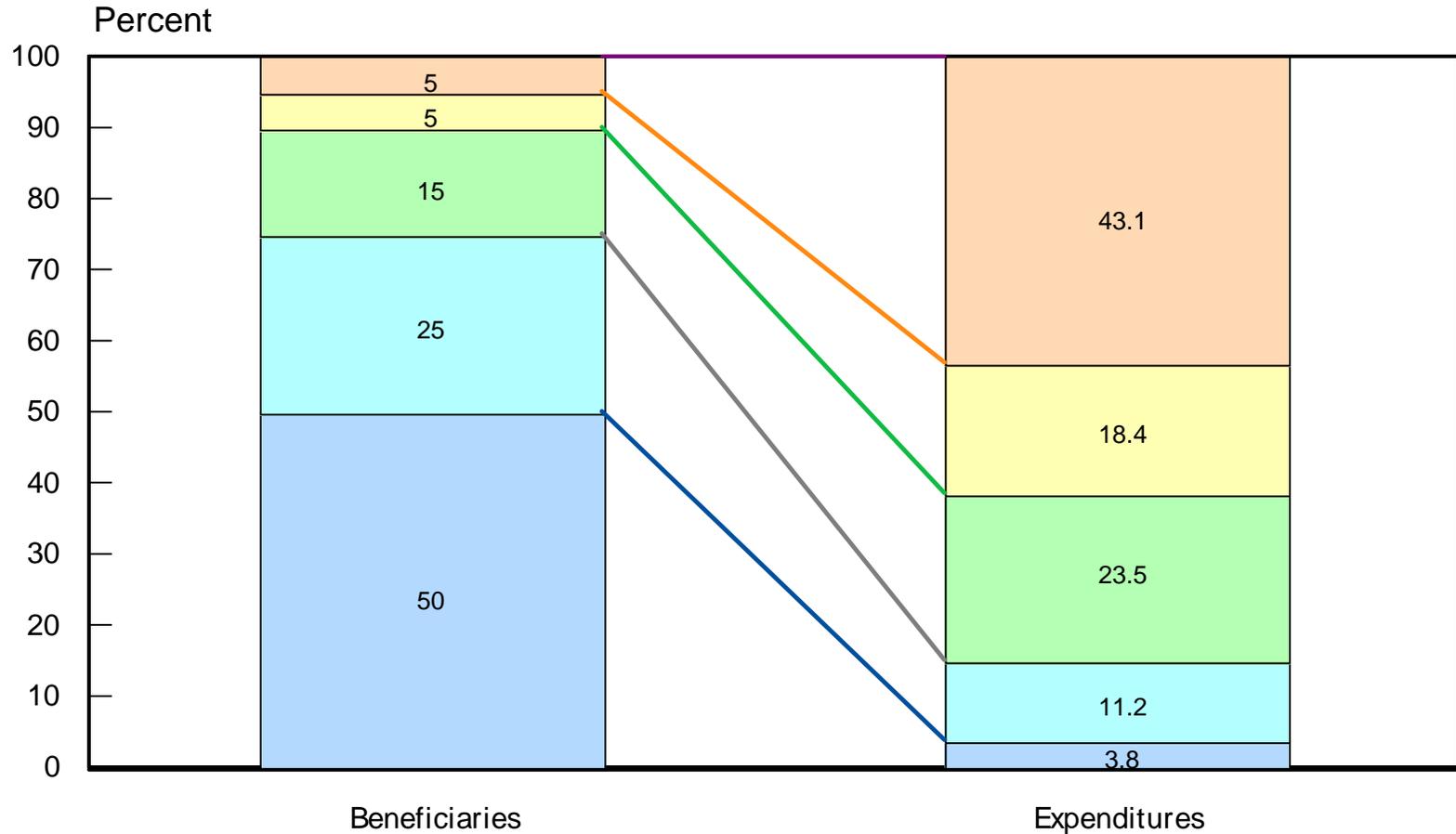
Effects of Cost Sharing



Source: Based on data from RAND's health insurance experiment.



Concentration of Total Annual Medicare Expenditures Among Beneficiaries, 2001



Source: CBO based on data from CMS.