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CMS Predicts Continued Healthcare Cost Growth

According to new data released by the Center for Medicare and Medicaid's Office of the Actuary, national health expenditures are expected to grow by an average of at least 5.6% a year over the next decade. The report issued on February 15, 2017 suggests that national health spending growth is projected to outpace estimated growth in Gross Domestic Product (GDP) by 1.2%. As a result, the report projects the health share of GDP will rise from 17.8% in 2015 to 19.9% by 2025.

During the same period the percentage of the population with health insurance is expected to increase from 90.9% in 2015 to 91.5% in 2025. CMS also expects the growth in prescription drug spending will increase after a temporary decline last year triggered by lower use of hepatitis C medications. Prescription drug spending rose 5.0% in 2016, down from a 9.0% increase in 2015. In 2017, CMS reports that pharmacy growth is expected to be 5.7%, rising to an average of 7.0% in 2018-2019. Increased spending on specialty drugs will boost growth, but more generics will temper it, according to the report.

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