



Office of the Actuary

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SUBJECT: Updated and Extended National Health Expenditure Projections, 2010-2019

On February 24, 2009, CMS released the official National Health Expenditure (NHE) projections detailing expected health spending growth from calendar year 2008 through 2018. This memorandum reports an updated and slightly extended NHE projection based on the following two adjustments:

1. An expenditure estimate for 2019 was created by applying the same growth rate to the 2018 level as was projected to occur between 2017 and 2018. This extrapolation provides a reasonable and appropriate estimate of NHE for 2019 although it is not as refined as the estimates for prior years.
2. For 2010-2019, estimated impacts were incorporated for two sets of legislation:
 - a) The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), and
 - b) The American Recovery and Reinvestment Act of 2009 (ARRA). For the ARRA, we included only the impacts of the COBRA subsidy and all Medicare, Medicaid, and SCHIP provisions that were estimated to affect program spending.

Please note that the economic and demographic assumptions that underlie the February projections were maintained. The following table provides the updated NHE projections with the two adjustments described above:

CY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total, 2010-2019
NHE (in trillions)	\$2.6	\$2.8	\$2.9	\$3.1	\$3.3	\$3.6	\$3.8	\$4.1	\$4.4	\$4.7	\$35.3

These estimates will serve as the baseline for the Office of the Actuary's cost estimates for national health reform proposals.

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