



MEMORANDUM

To: Subcommittee on Health Members and Staff
From: Committee on Energy and Commerce Majority Staff
Re: Health Subcommittee Hearing on January 31, 2024

The Subcommittee on Health has scheduled a hearing on Wednesday, January 31, 2024, at 10:00 a.m. (ET) in 2123 Rayburn House Office Building. The title of the hearing is “Health Care Spending in the United States: Unsustainable for Patients, Employers, and Taxpayers.”

I. Witnesses

- **Dr. Chapin White, Ph.D.**, Director of Health Analysis, Congressional Budget Office
- **Ms. Sophia Tripoli, MPH**, Senior Director of Health Policy, Families USA
- **Mr. Kevin Lyons**, Plan Administrator, New Jersey State Policemen’s Benevolent Association, Inc.
- **Dr. Benedic Ippolito, Ph.D., M.S.**, Senior Fellow, American Enterprise Institute
- **Ms. Katie Martin, MPA**, President and CEO, Health Care Cost Institute

II. Background

Overview of National Health Expenditures

Each year, the Centers for Medicare and Medicaid Services (CMS) publishes the official estimates of health care spending in the United States.¹ In its most recent estimates, CMS found that health care spending eclipsed \$4.4 trillion in 2022, or 17.3 percent of gross domestic product (GDP). Select components of overall spending are illustrated below:

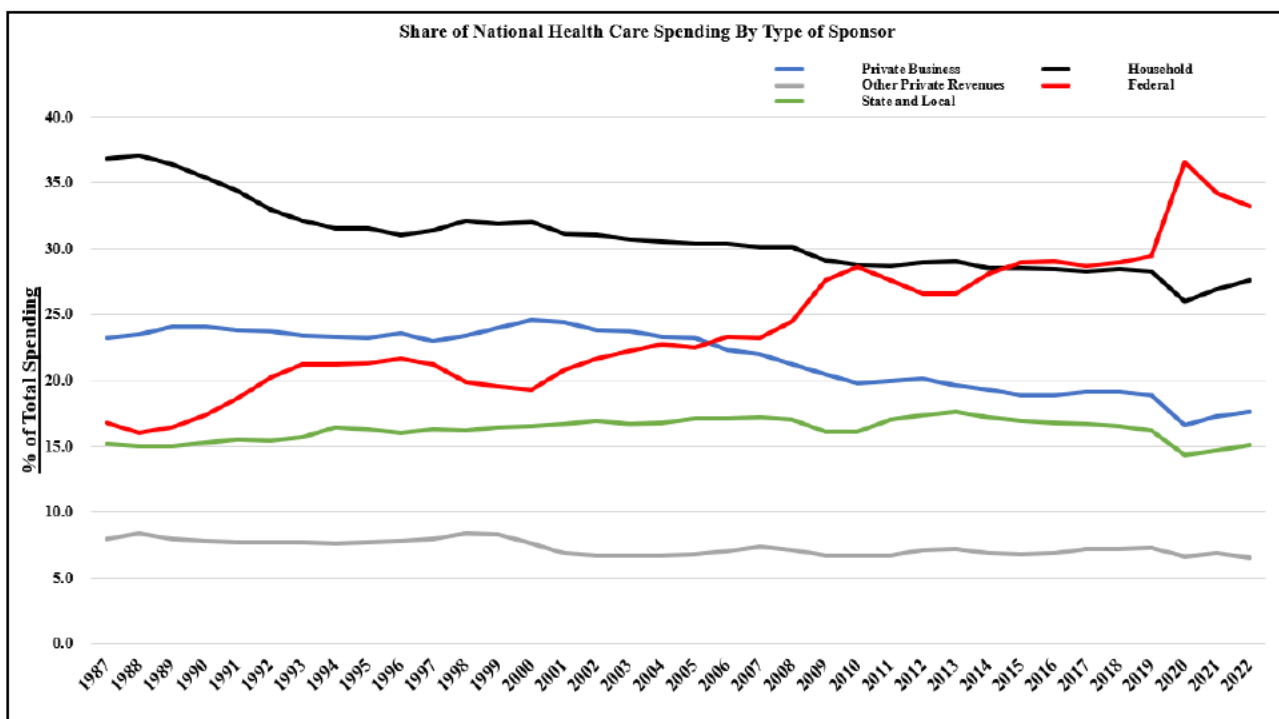
TOTAL SPENDING (Billions)						
<u>Type of Expenditure</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
National Health Expenditures	\$3,443.7	\$3,601.2	\$3,756.4	\$4,156.3	\$4,289.1	\$4,464.6
Hospital Care	1,077.6	1,122.7	1,193.6	1,268.0	1,325.2	1,355.0
Physician and Clinical Services	709.4	736.2	767.8	818.5	861.8	884.9
Prescription Drugs	315.7	322.7	335.7	350.6	374.5	405.9
Net Cost of Health Insurance	222.3	248.6	235.2	296.9	257.5	279.4
Other Health, Residential, and Personal Care	184.0	189.9	194.8	210.6	224.7	246.5
Government Public Health Activities	95.5	99.4	108.4	241.9	210.6	208.4
Nursing Care Facilities and Continuing Care Retirement Communities	163.4	167.6	174.1	196.4	181.1	191.3

¹ [Historical | CMS](#)

Dental Services	131.1	137.4	143.7	139.4	164.8	165.3
Other Professional Services	96.9	104.5	110.9	118.1	133.8	140.6
Home Health Care	99.4	105.6	112.4	125.1	125.4	132.9
Other Non-Durable Medical Products	76.3	80.7	84.8	94.7	106.4	115.4
Durable Medical Equipment	47.5	49.9	53.4	53.8	63.8	67.1
Government Administration	44.1	46.5	47.6	48.2	52.0	54.2

Historically, the major components of national health spending have maintained relatively constant proportions of overall spending. In 2022, hospital care comprised 30.4 percent of all spending (33.1 percent in 1960), physician and clinical services accounted for 19.8 percent (20.5 percent in 1960), and retail prescription drugs making up 9.1 percent (9.9 percent in 1960).

The federal government is the single largest payor (referred to as “sponsor” by the Department of Health and Human Services (HHS)) of health care in the United States, accounting for \$1.48 trillion in spending in 2022, followed by households (\$1.23 trillion), businesses (\$787 billion), and state and local governments (\$673.1 billion). Over the last several decades, the share of overall spending shouldered by the federal government has gradually increased from 16.8 percent in 1987 to 33.2 percent in 2022.



National health expenditures (NHE) are expected to grow faster than the economy over the next decade, pushing health spending to reach nearly 20 percent of gross domestic product (GDP) by 2031 (\$7.1 trillion).²

² [Projected | CMS](#)

Recent Congressional Activity

In December, the House passed the bipartisan, “Lower Costs, More Transparency Act” (H.R. 5378), which will take important actions to lower health care costs by, among other things:

- Empowering patients and employers to shop for health care and make informed health care decisions by providing timely and accurate information about the cost of care, treatment, and services;
- Making health care price information public by ensuring hospitals, insurance companies, labs, imaging providers, and ambulatory surgical centers publicly list the prices they charge patients, building upon the Trump administration’s price transparency rules;
- Lowering costs for patients and employers by requiring health insurers and pharmacy benefit managers (PBMs) to disclose negotiated drug rebates and discounts, revealing the true costs of prescription drugs;
- Lowering out-of-pocket costs for seniors who receive medication at a hospital-owned outpatient facility or doctor’s office; and
- Expanding access to more affordable generic drugs.

III. Staff Contacts

If you have questions regarding this hearing, please contact Corey Ensslin or Emma Schultheis of the Committee staff at 202-225-3641.