



The Daily Dish

The Health Care Problem

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The health care problem is not Affordable Care Act (ACA) subsidies in the individual market. The problem is not the presence or absence of Association Health Plans (AHPs), essential health benefits (EHBs), short-term, limited-duration plans (STLDs), medical loss ratios (MLRs) or any other member of the alphabet soup of insurance market preferences on both sides of the ideological spectrum. The problem is not the electoral prospects of either side in the midterm elections.

No, the problem is the growth of health care spending.

Graphed below is the annual growth rate of [national health expenditures](#) (NHE), including the [growth projected for 2024 and 2025](#). NHE is the national health care bill – the cost of all those doctors, nurses, hospitals, MRIs, drugs, and other elements of actual care. Health insurance is the financial product that spreads the cost of the bill across the population. But in the end, the premiums, deductibles, and co-pays in health insurance have to be enough to cover the health care bill. (For a nice discussion of price versus cost in health care, see [Michael Baker](#).)

The graph is illuminating. In the early 2000s, the annual growth rate of NHE regularly exceeded 6 percent and remained above 5 percent through 2007. The result was an uproar over health care costs – the affordability question of 2007 – and strenuous debates in both parties over health care reform. It is often forgotten, for example, that every candidate in the 2007 Republican primaries had to have a health care reform plan – an unprecedented political event.

Ironically, just as the growth rate stabilized at 4 percent or below, the ACA was passed into law. The debate over health care subsided and the growth rate remained contained, except for the pandemic year of 2020.

Those days are over and NHE growth again exceeds 6 percent and is projected to remain

close to that level for a decade. Along with these developments has come a renewed debate over health care. How this debate plays out is crucial.

In 2007-08 the debate was framed in terms of insurance coverage (universal or expanded) and the cost of care (bending the cost curve). The ACA settled this debate in favor of expanded coverage and no real attention to health care costs.

That is a mistake the United States cannot afford to repeat.

