



Weekly Checkup

Federal Spending on Major Health Care Programs Will Surpass \$2 Trillion in 2026

TARA O'NEILL HAYES | FEBRUARY 2, 2016

Last week, CBO released its latest [Budget and Economic Outlook](#). In this report, CBO notes that the deficit in 2016 is expected to be \$544 billion and federal outlays will rise by 6 percent, to \$3.9 trillion, compared with 2015. Mandatory spending—such as that for [entitlement programs](#) like Social Security, Medicare, and Medicaid—will rise \$168 billion this year. Federal spending on major health care programs will account for the largest portion of this rise as federal outlays for Medicare, Medicaid, exchange subsidies, and the Children's Health Insurance Program (CHIP) will increase \$104 billion (11 percent) in 2016. Last year was the first that federal spending on these programs surpassed \$1 trillion and in 10 years federal expenditures for these programs will be more than \$2 trillion. It is important to keep in mind this does not account for state spending on health care, which was nearly [\\$200 billion](#) in 2014 for Medicaid and [\\$3.9 billion](#) for CHIP. When state spending is added to these totals, spending on [Medicare and Medicaid](#) alone will reach \$2 trillion in 2023. States have been spending [roughly a quarter of their budgets](#) on Medicaid for years now, and soon the federal government will be spending roughly a quarter of its budget on health care programs (as shown by the yellow line in the chart below).

