



Weekly Checkup

Weekly Checkup No. 79: Bend in the “cost curve”? Or temporary dip?

AUGUST 1, 2013

Despite all of the problems inherent in the US health care system, some good news is emerging: health care expenditures are [growing at a slower rate](#). Health insurance premiums, national health expenditures, and personal health care expenditures are increasing, but at a rate much lower than historic norms. The Administration is touting these improved growth rates as evidence that the Affordable Care Act (ACA) is working, that health reform really is making health care more affordable.

In reality, the list of reasons behind the slowdown in the growth of health care spending is long, and it is difficult to parse out how much one or the other effects Americans’ health spending.

The Altarum Institute recently brought some of the top health economists, including Uwe Reinhardt, David Cutler, and Thomas Getzen to Washington for a symposium on health care spending. The panelists all agreed this trend is not a blip; the growth in health care expenditures is actually slowing. However, not one attributed the success to the ACA, although some mentioned the ACA’s provider payment reforms as a contributor. Several panelists argued that the US really has bent the cost curve with structural reforms, and others explained that the health system is impacted by external economic factors and this is likely a temporary dip.

The truth lies somewhere in between. There are a variety of factors and some, like the recession, are situational and likely to be temporary. Others like Medicare payment reforms that discourage re-hospitalizations and hospital acquired infections and the increased use of retail clinics and non-physician providers, are structural and will likely continue to limit health care spending in the next 5-10 years.

Table 1: Potential Contributors to Slowing Health Care Cost Growth

Contributor	Impact	Situation/Structural	Temporary?
The Recession and slow recovery	<ul style="list-style-type: none">• Reduction in employer-sponsored insurance• A decrease in spending power	Situational	Yes