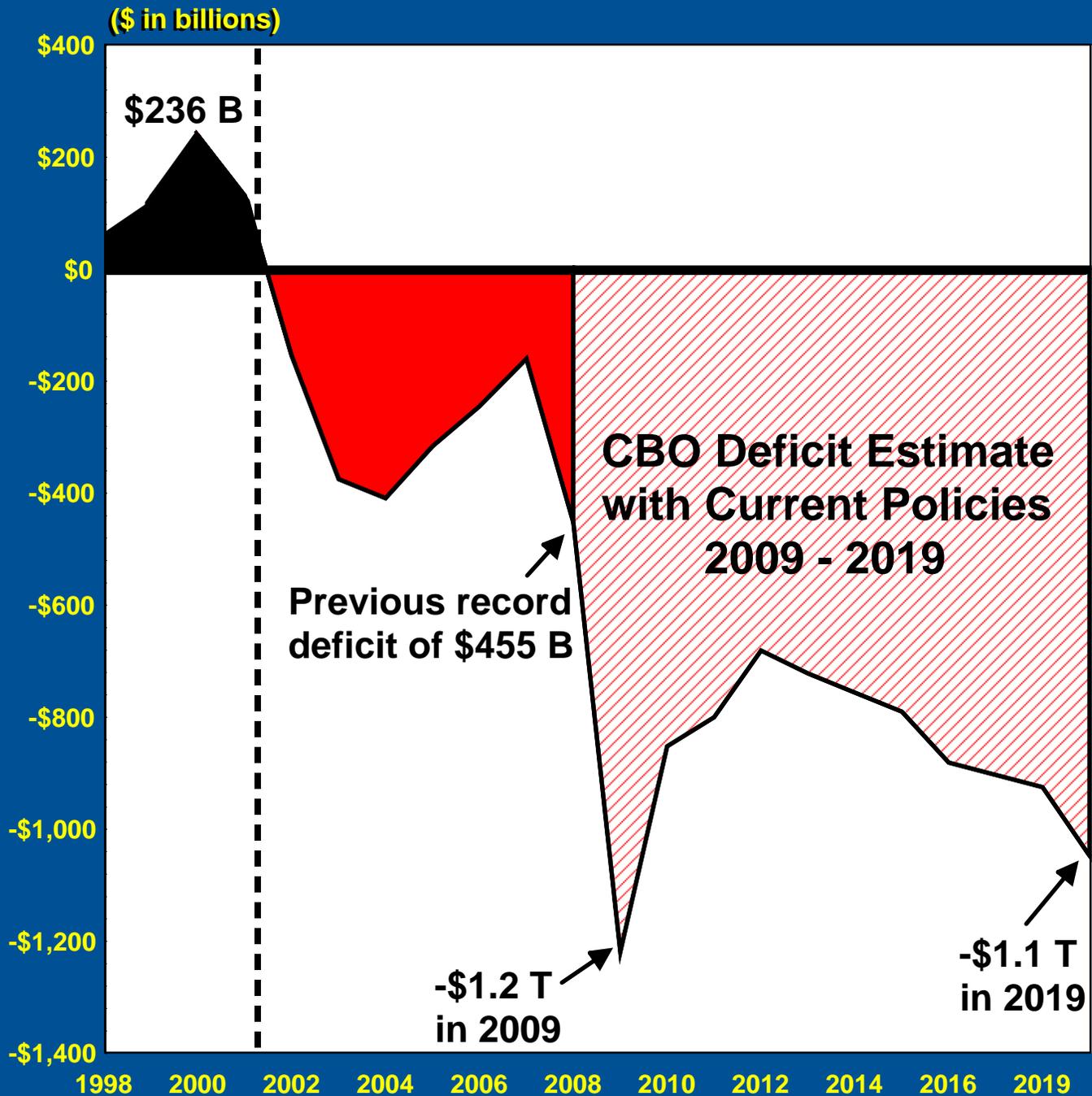


Ten-Year Budget Outlook

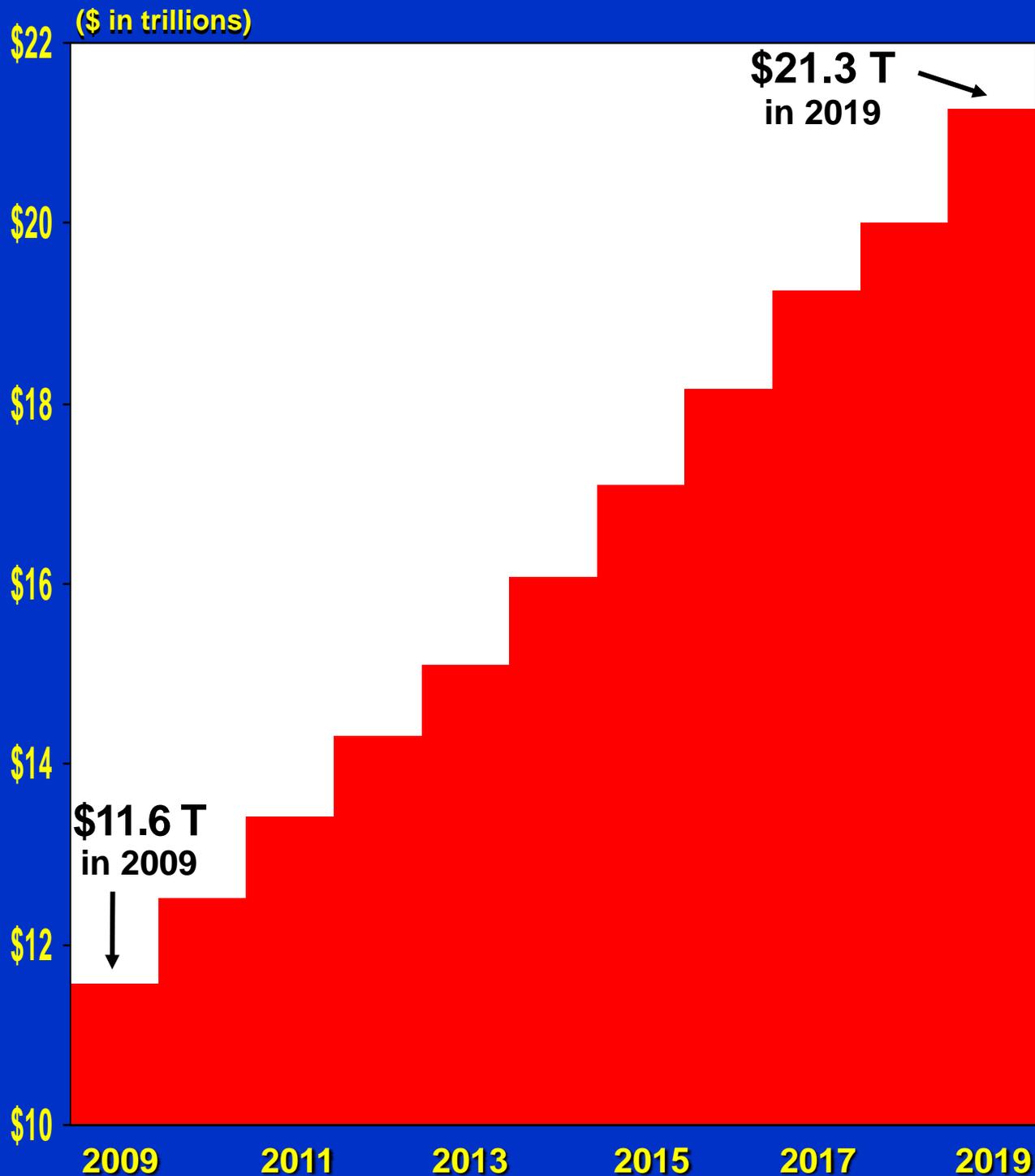


Sources: CBO and SBC

Note: CBO January 2009 estimate with tax cuts made permanent, AMT reform, ongoing war costs, and without extension of 2009 emergencies.

Building a Wall of Debt

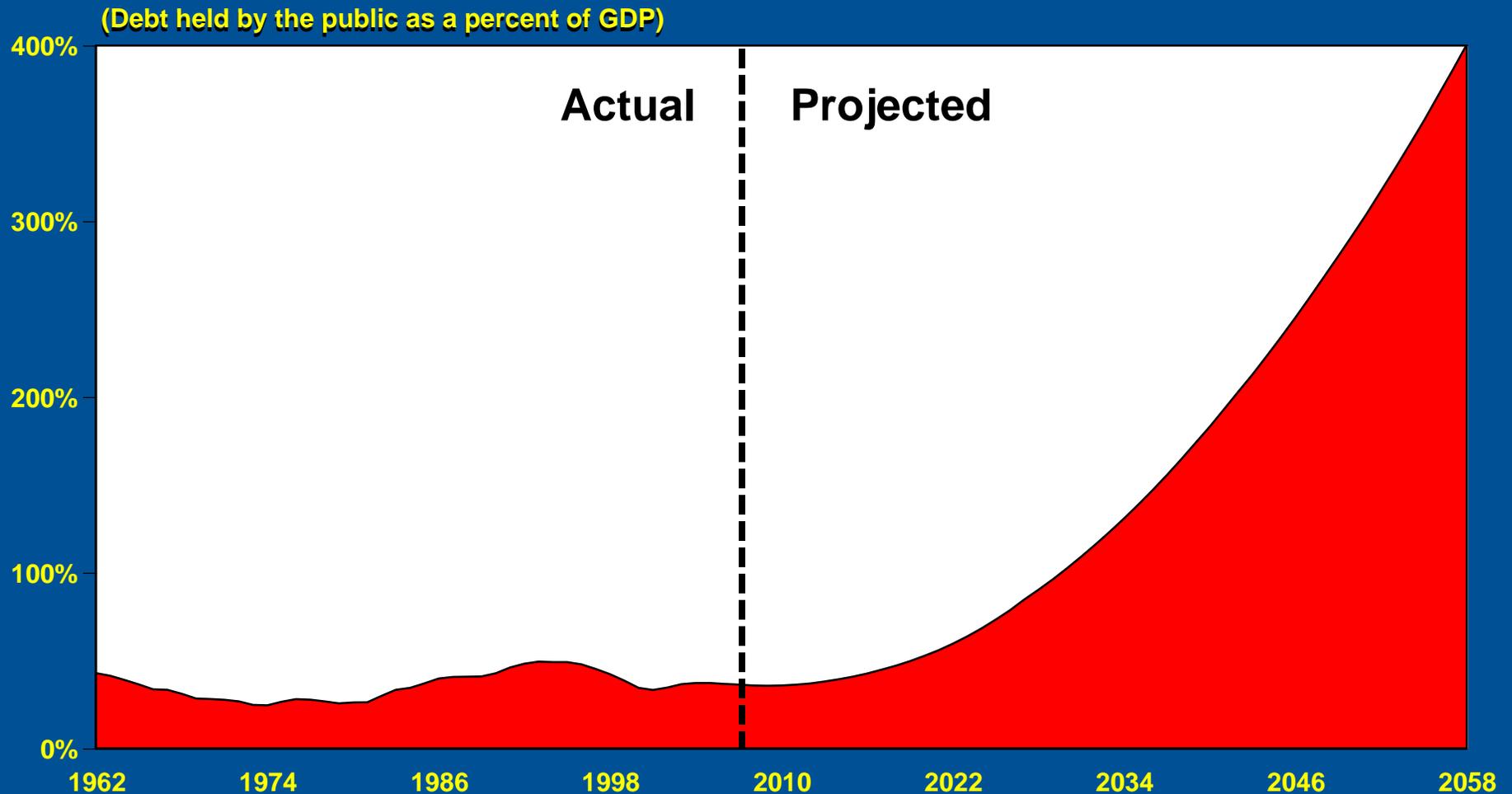
Gross Federal Debt Soars



Sources: CBO, SBC

Note: 2009 estimate from CBO January Budget Outlook with tax cuts extended, AMT reform, and ongoing war costs.

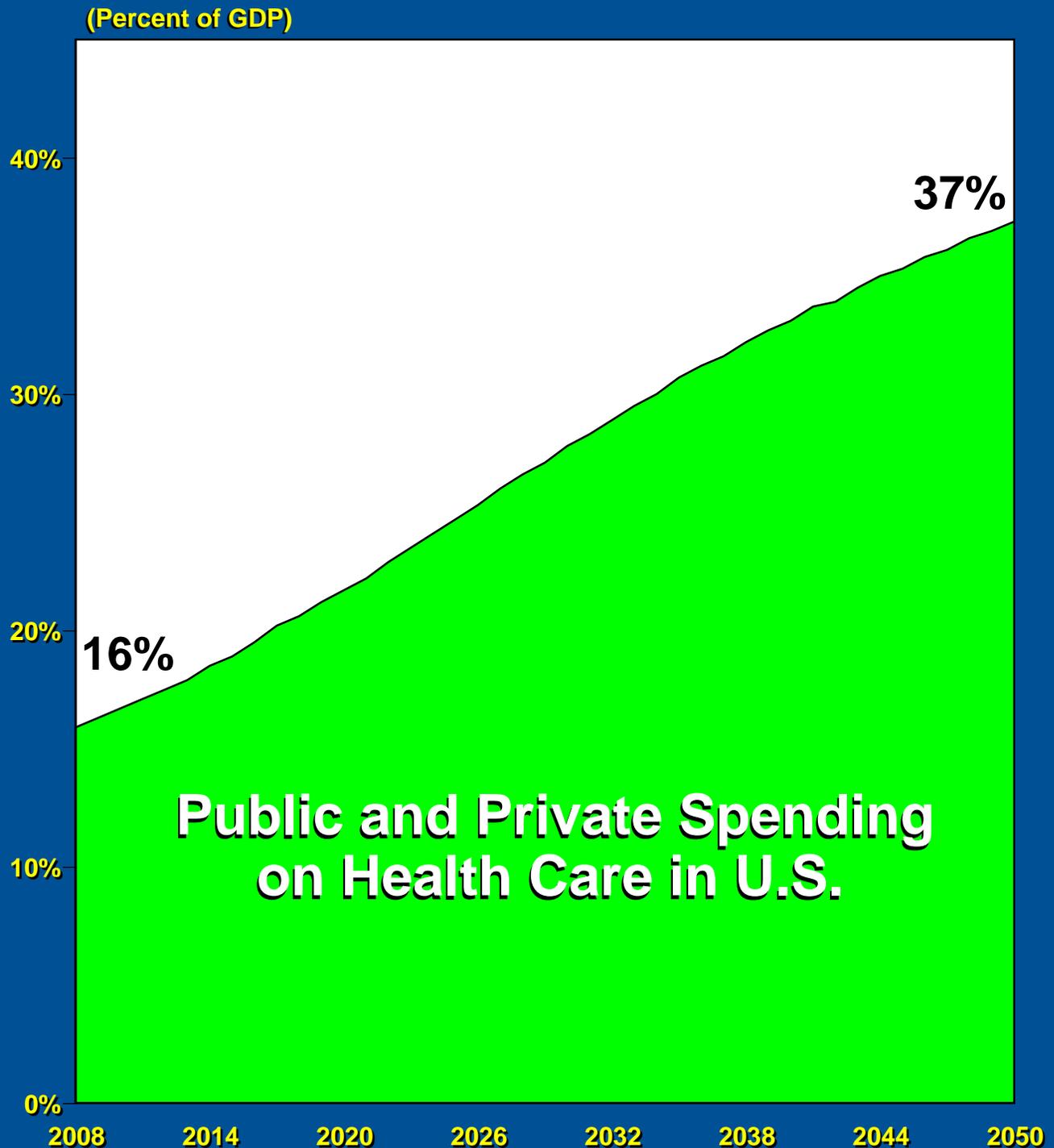
Federal Debt Soars Under CBO Long-Term Budget Scenario



Source: CBO Long-Term Budget Outlook, December 2007

Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.

Total Health Expenditures as Percent of GDP



Source: CBO Long-Term Outlook for Health Care Spending, November 2007

Sources of Growth in Health Care Spending

- **Limited evidence on what works / best practices**
- **Lack of care coordination**
- **Advances in medical technology (drugs, devices, diagnostic tools, surgical procedures)**
- **Widespread geographic variation**
- **Increased demand for health care (higher prevalence of obesity, diabetes; advertising)**

Downpayment on Health Reform in Economic Recovery Bill

- **Health IT**
- **Comparative Effectiveness
Research**
- **Prevention and Wellness**

CBO: Payment Reforms That Will Slow Spending Growth in Medicare

- **Bundling payments for hospital and post-acute care to improve coordination**
- **Reducing Medicare payments to hospitals with high readmission rates**
- **Incentivizing physicians, hospitals, and other providers to better collaborate**
- **Using bonuses and penalties in Medicare to promote use of Health IT**
- **Setting payment benchmarks for Medicare Advantage plans equal to traditional Medicare**

30 Percent of Health Spending May Not Contribute to Better Health Outcomes

“Although many Americans believe more medical care is better care, evidence indicates otherwise. Evidence suggests that states with higher Medicare spending levels actually provide lower quality care....

“We may be wasting perhaps 30% of U.S. health care spending on medical care that does not appear to improve our health.”

**– Dr. Elliott Fisher, Dartmouth Medical School
“More Care is Not Better Care,”
NIHCM Foundation’s *Expert Voices*
January 2005**