



**Congressional Budget Office**

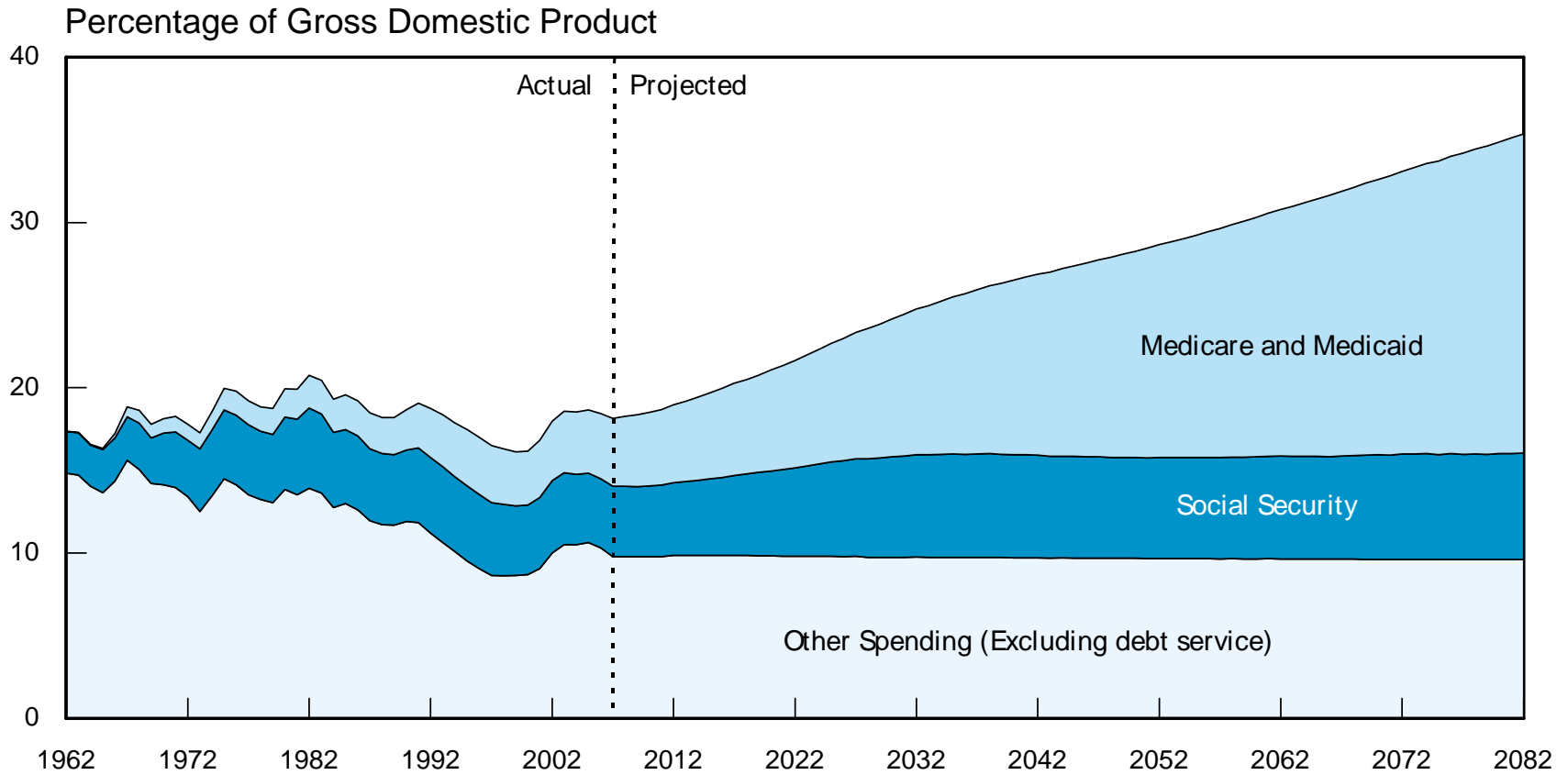
**Presentation to the  
National Congress on Health Reform**

**The Long-Term Fiscal Context  
for Health Care Reform**

**Peter Orszag  
Director  
September 22, 2008**

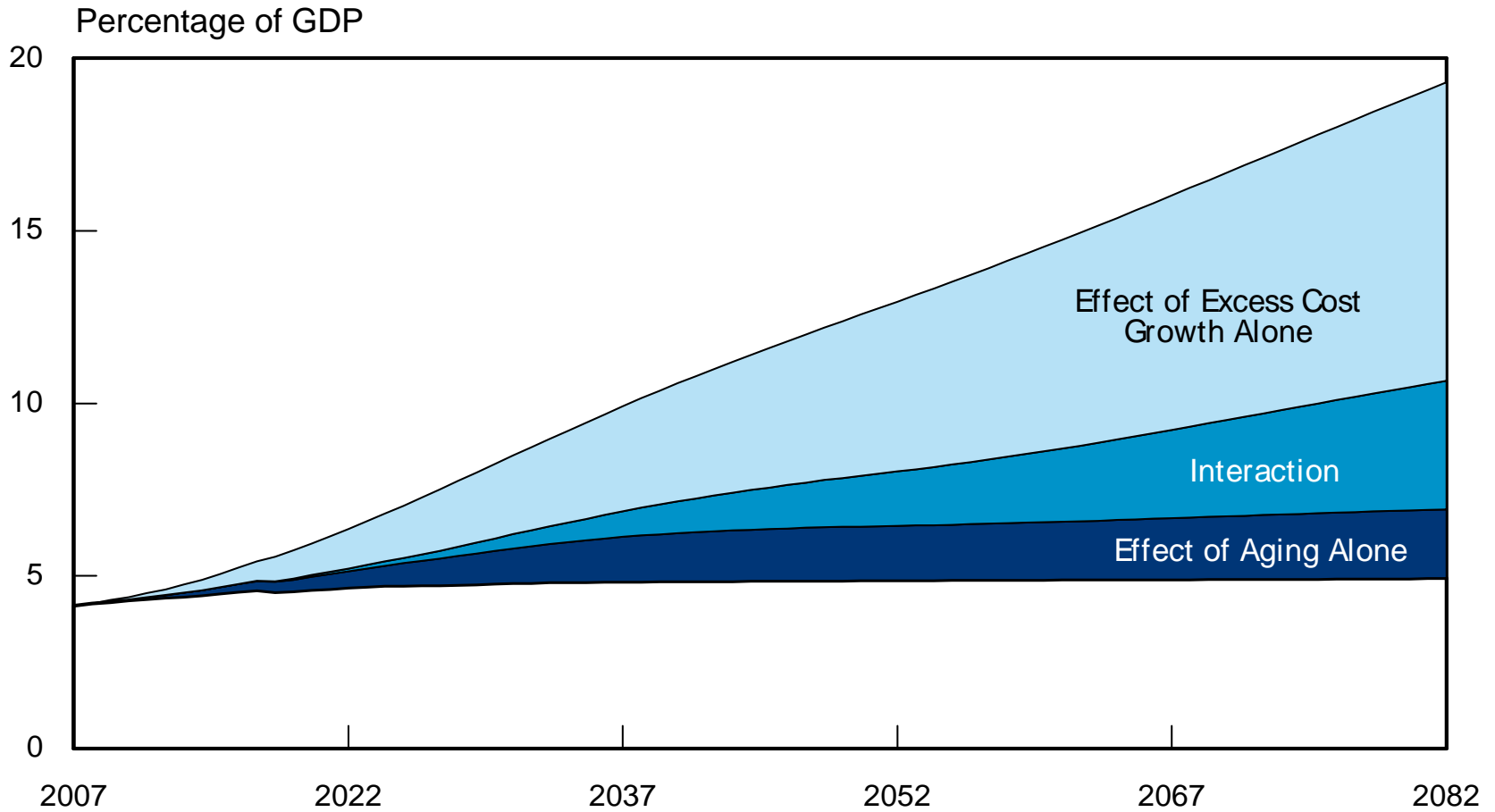


# Federal Spending Under CBO's Alternative Fiscal Scenario





# Sources of Growth in Projected Federal Spending on Medicare and Medicaid





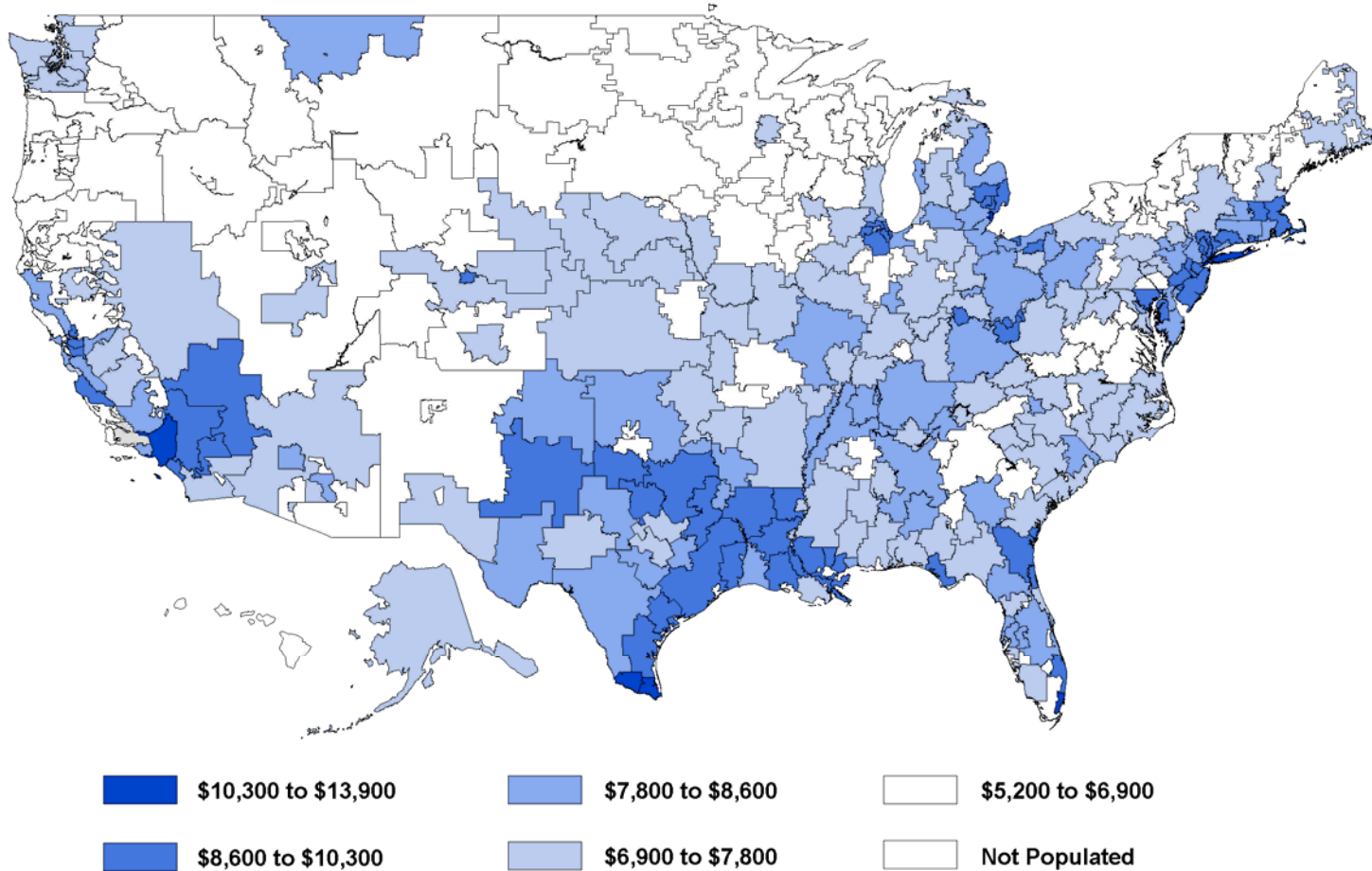
**Before we all get too depressed...**

Embedded in the nation's central long-term fiscal challenge appears to be a substantial opportunity:

Can we reduce health care costs without impairing health outcomes?

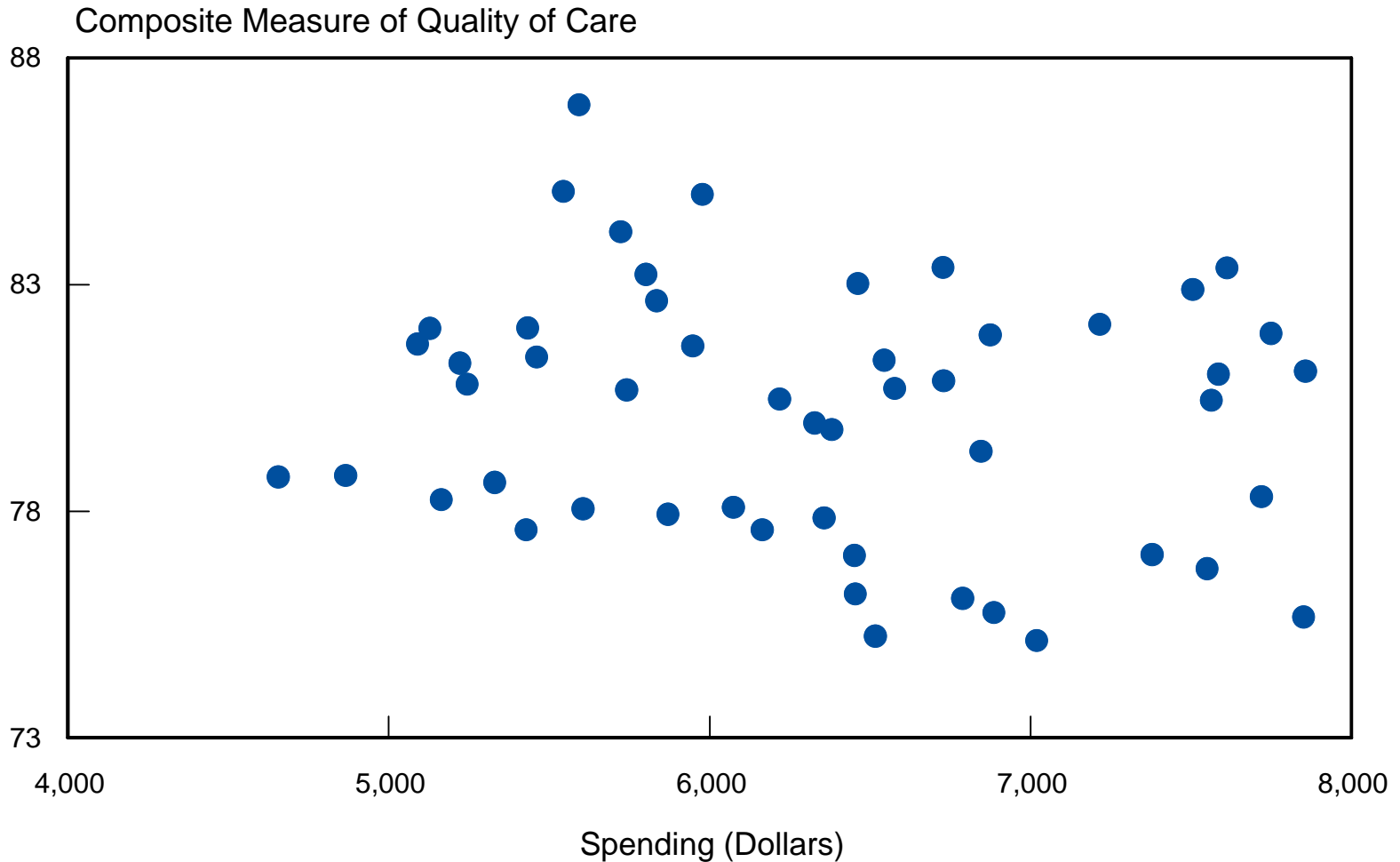


# Medicare Spending per Beneficiary in the United States, by Hospital Referral Region, 2005





# The Relationship Between Quality and Medicare Spending, by State, 2004



Source: Data from AHRQ and CMS.

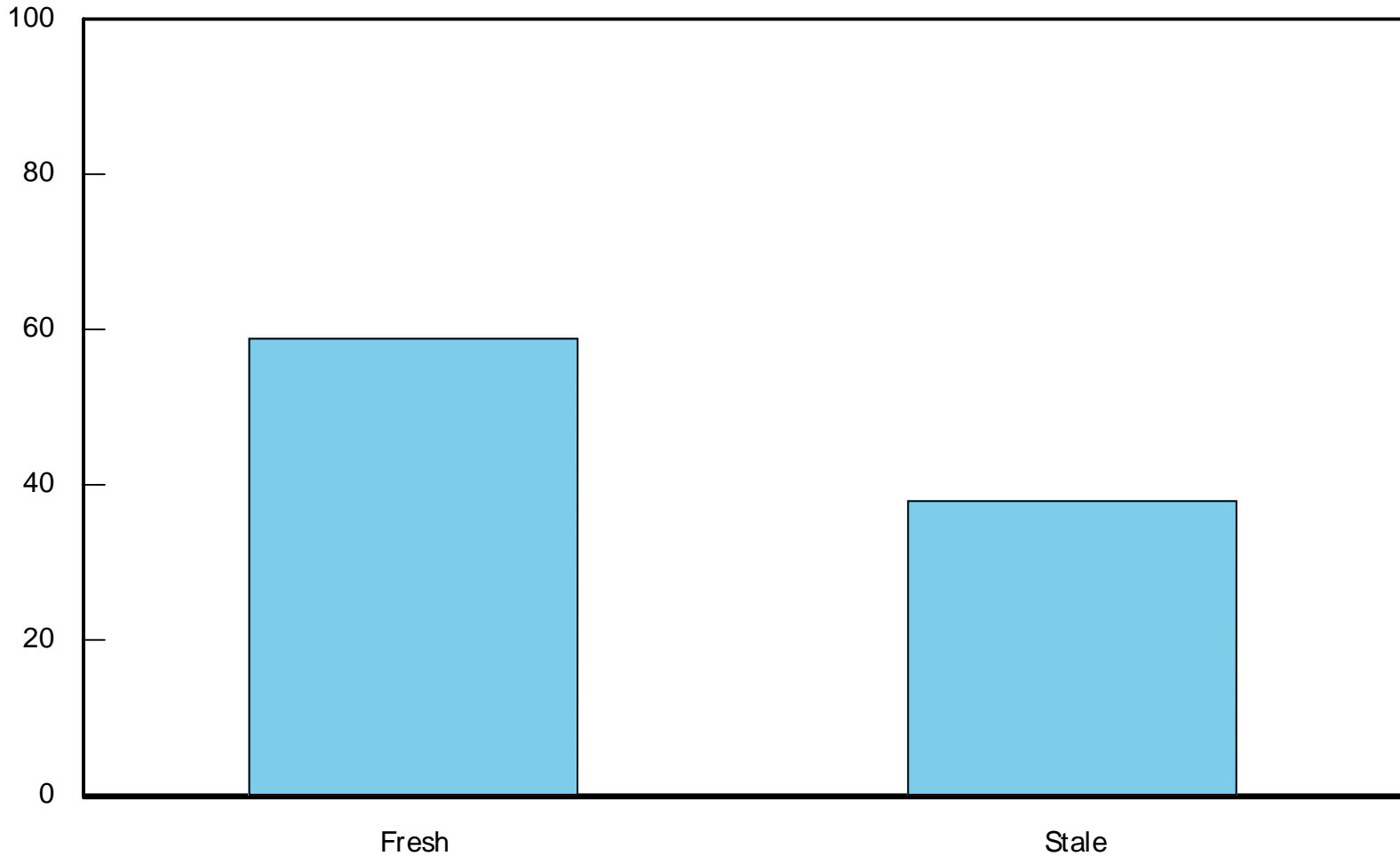


## Behavioral Pathways to Increasing Efficiency in Health Care

- Boost demand for efficiency by increasing the salience of health care costs (for example, making the full cost of insurance more evident to enrollees)
- Improve information about cost-effectiveness (necessary but not sufficient) and align incentives
- Shift behavioral norms among health care providers toward more effective, lower-cost, evidence-based care
- Set cost-effective defaults for both enrollees and health care providers



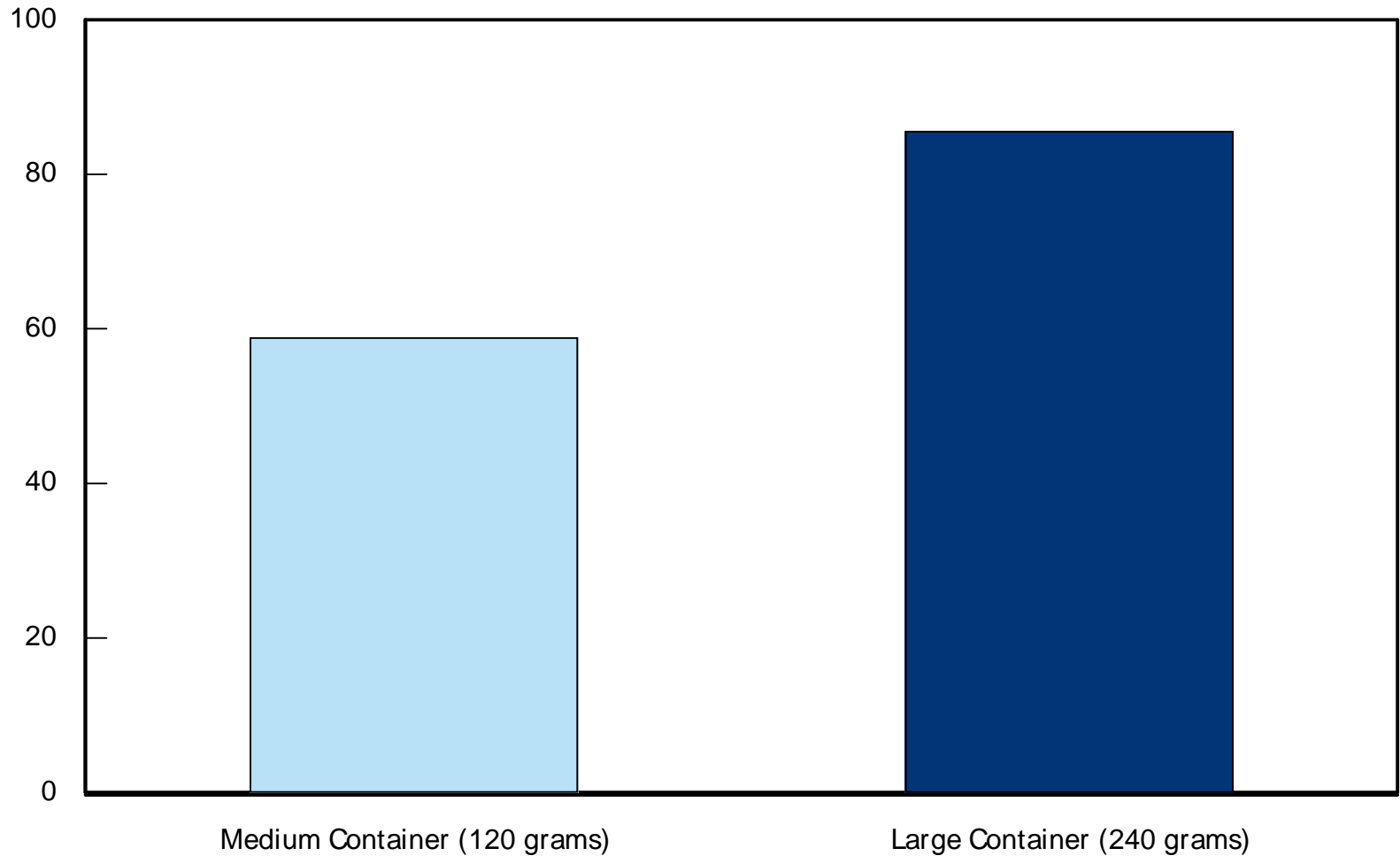
## Consumption of Fresh vs. Stale Popcorn from a Medium-Sized (120 g) Container



Source: Wansink and Kim (2005).



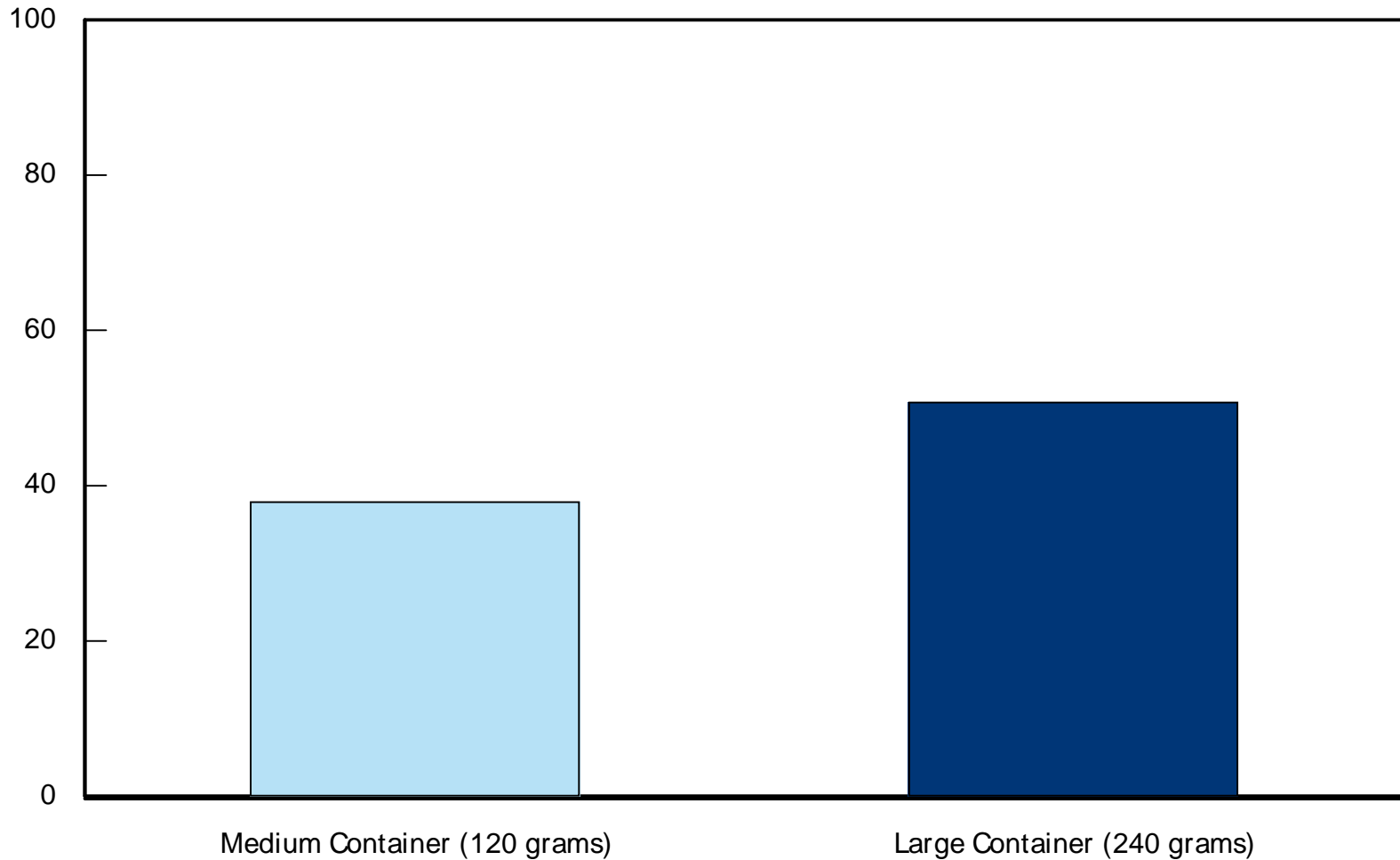
# Influence of Container Size on the Consumption of Fresh Popcorn



Source: Wansink and Kim (2005).



# Influence of Container Size on the Consumption of Stale Popcorn



Source: Wansink and Kim (2005).

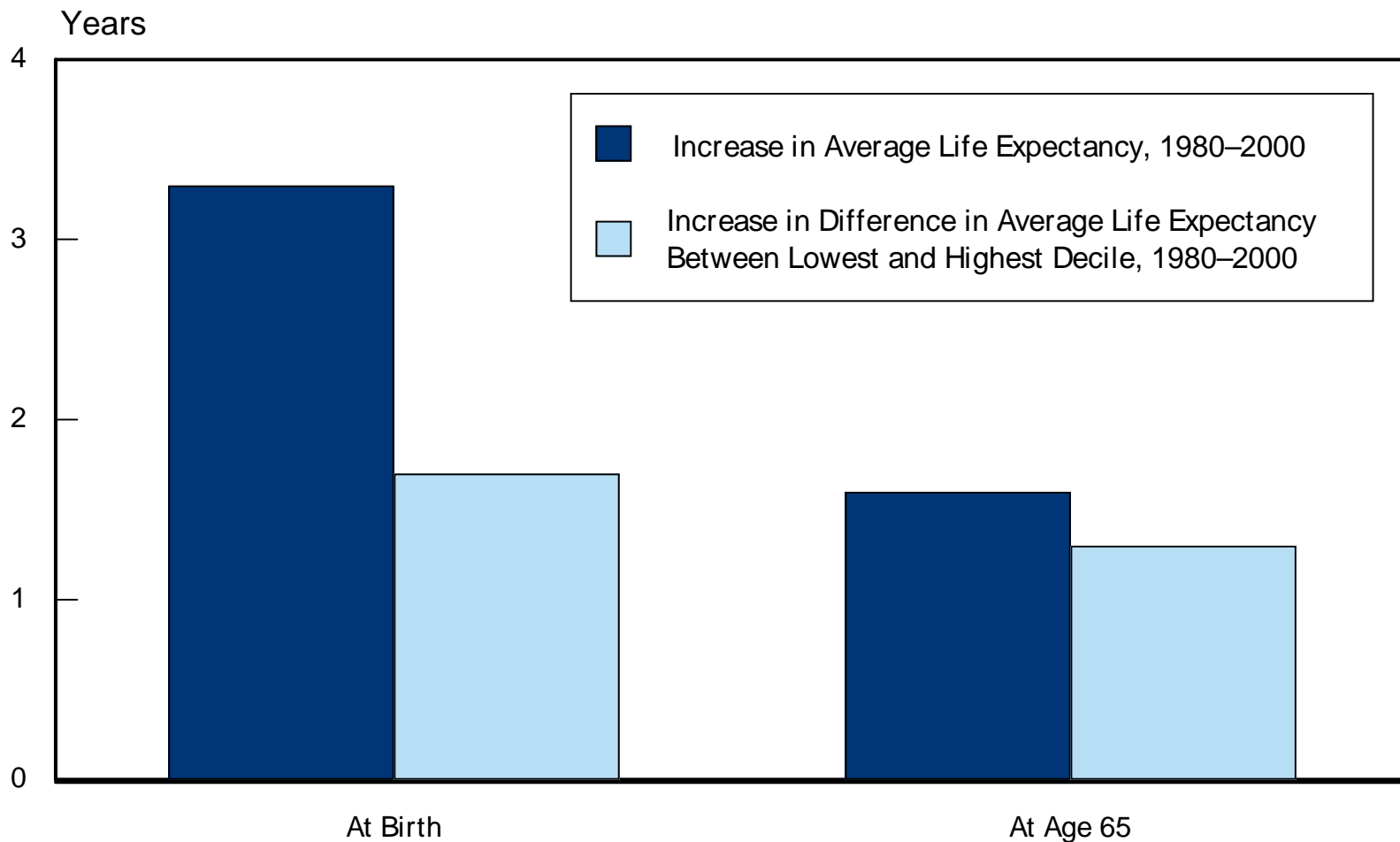


# Behavioral Avenues for Reform in Federal Nutrition Programs

- 20 percent of Americans participate in a federal nutrition program
  
- Supplemental Nutrition Assistance Program:
  - Disbursing benefits more frequently could reduce stockpiling and bingeing
  
- School Lunch Program:
  - Placing healthier foods at the front of cafeteria lines could increase their prominence and consumption
  - Decreasing the size of tables could reduce distraction-driven overeating



# Increase in Life Expectancy, and Increase in Difference in Life Expectancy by Economic Status



Source: Data from Singh and Siahpush (2006) and CDC.