

## Macro Roundup Article

**Headline:** [A Unified Long-Run Macroeconomic Projection of Health Care Spending, the Federal Budget, and Benefit Programs in the US](#)

**Article Link:** <https://www.aei.org/wp-content/uploads/2023/07/Mantus-Pang-Warshawsky-A-Unified-Long-Run-Macroeconomic-Projection-WP-Update.pdf?x91208>

Author(s)	John Mantus, Gaobo Pang, and Mark Warshawsky
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**Summary:** Within the next ten years, the federal government budget deficit relative to national income will grow significantly beyond historical experience. We project that debt-to-GDP will be 134% in 2032 and 263% in 2052, compared to CBO's 115% and 189%, respectively. Real interest rates rise in the long run in a ratcheting cycle of higher interest payments and growing deficits and debt. Our projection of national health expenditures relative to GDP in 2072 is 29.6%, compared to 28.4% by the Centers for Medicare & Medicaid Services used by the Medicare Trustees. These higher rates of healthcare inflation arise from labor shortage effects in an aging economy because healthcare is produced in a low productivity, labor-dependent sector. This rise in healthcare expenditures further deteriorates the federal budget and lowers consumer welfare.

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**Primary Topic:** Fiscal Deficits

**Topics:** Academic paper, Fiscal Deficits, Fiscal Policy, Government Spending, Weekly

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