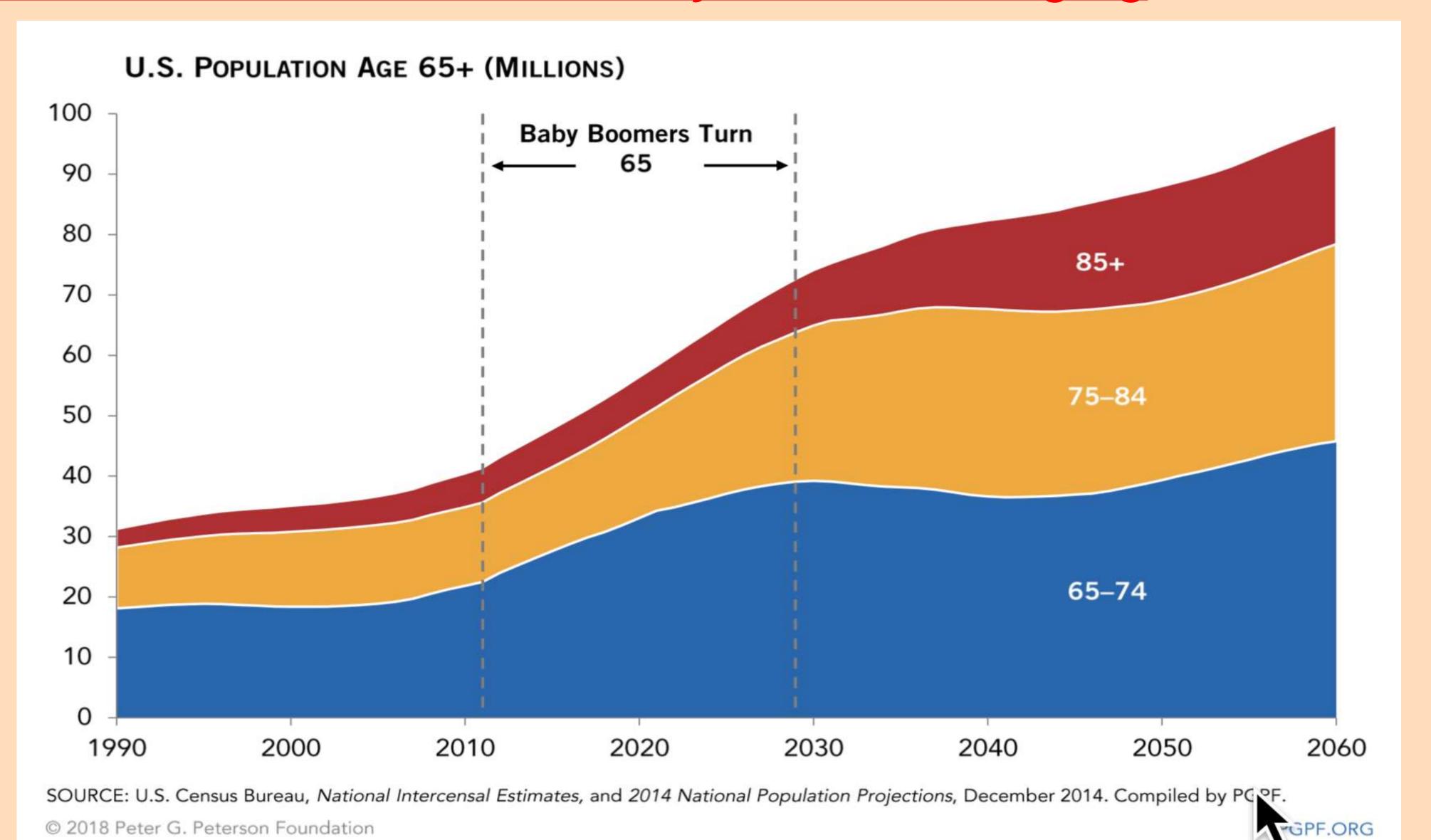
# The Economics of US Health Care

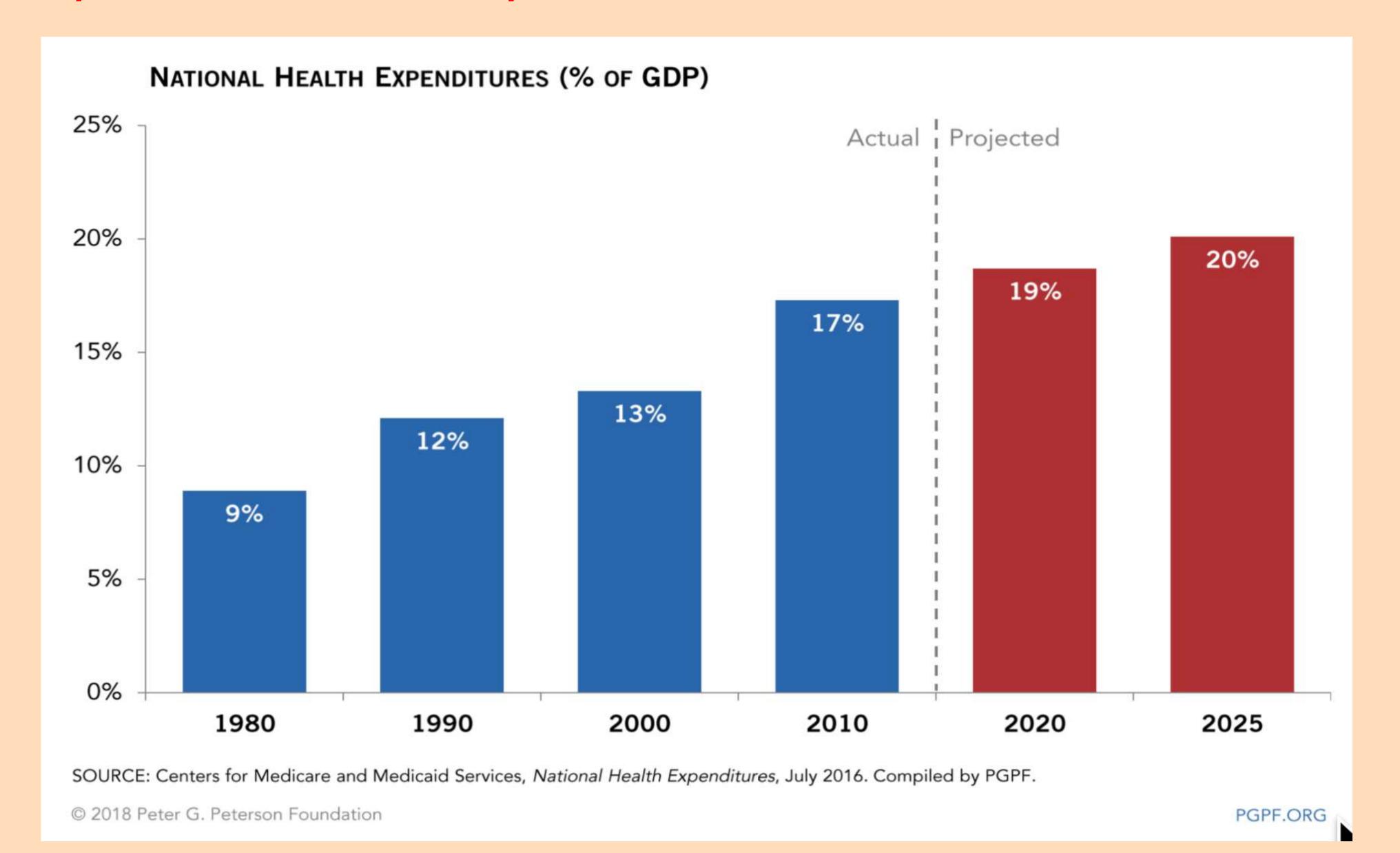
New Canaan Investment Club

February 7, 2018

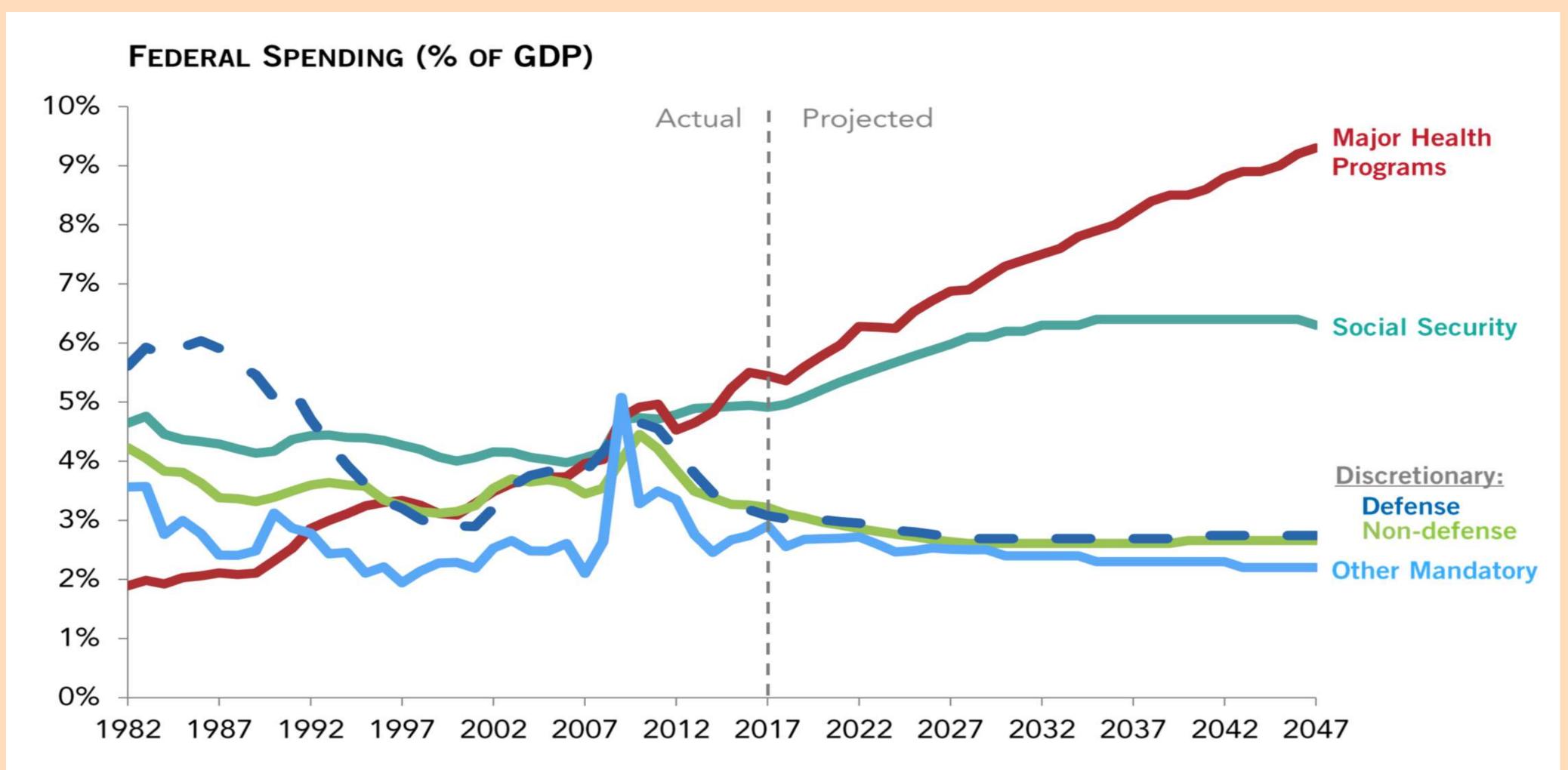
#### Health Care Economics is Driven by Increased Aging



### Health Expenditures Will Equal 20% of GDP



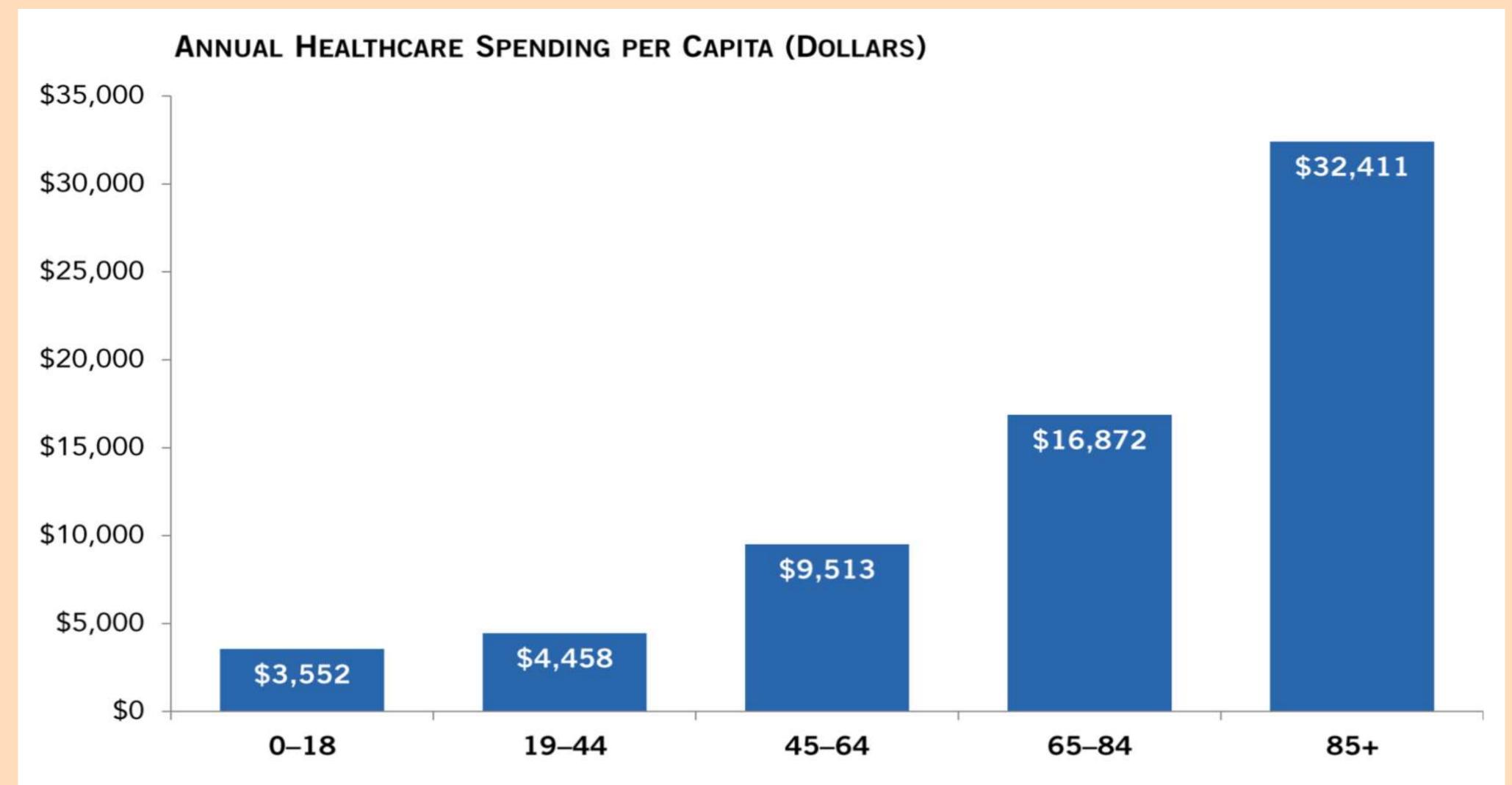
### Federal Health and Welfare Spending Will Dominate Spending



SOURCE: Congressional Budget Office, An Update to the Budget and Economic Outlook: 2017 to 2027, June 2017; and PGPF calculations based on CBO data. Compiled by PGPF.

NOTE: Major health programs include Medicare (net), Medicaid, Children's Health Insurance Program, and the health exchanges.

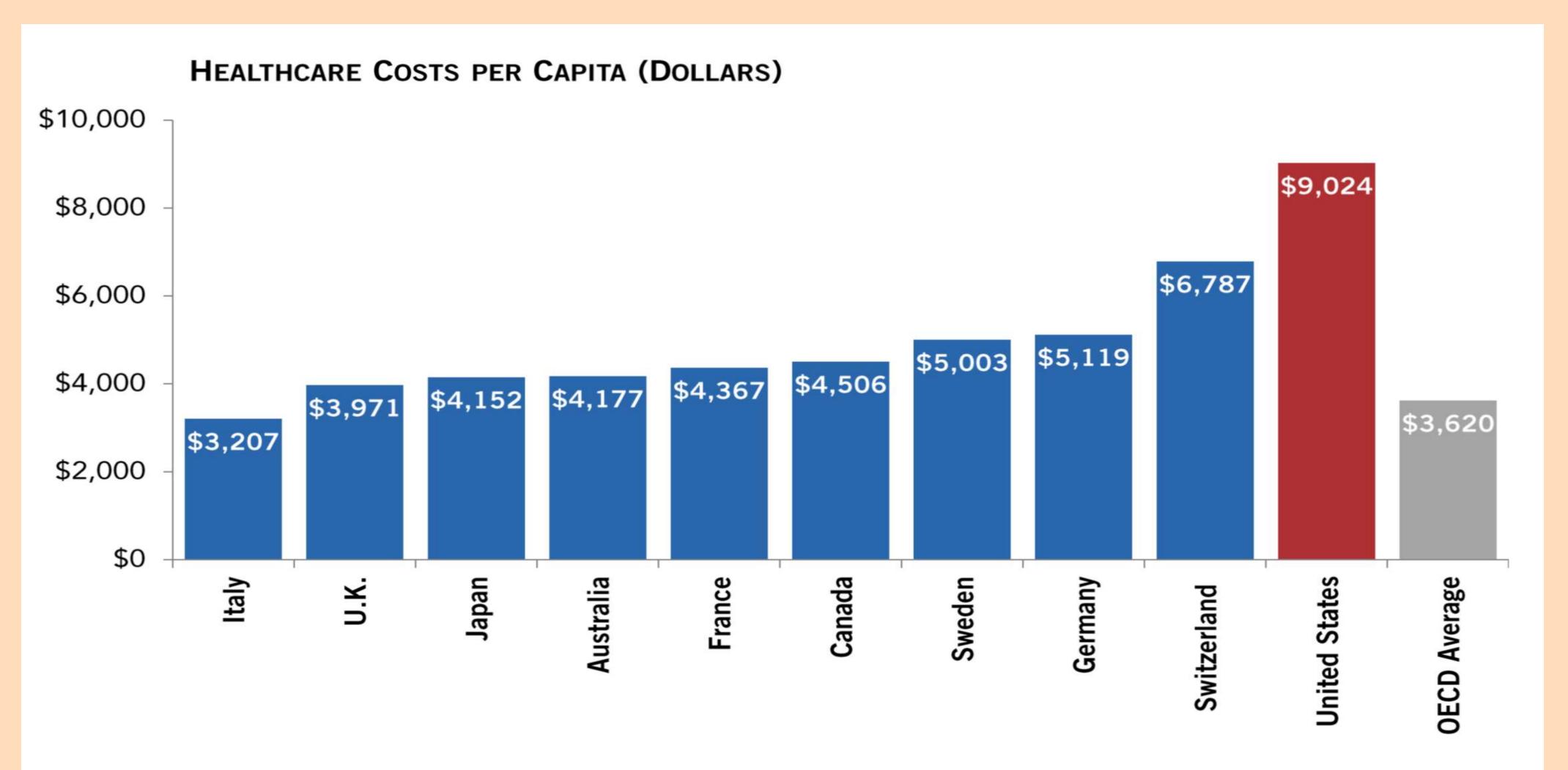
### Health Spending Now Escalates With Age and Inflation



SOURCE: Centers for Medicare and Medicaid Services, National Health Expenditures by Age and Gender, August 2016. Data are for 2012. Compiled by PGPF.

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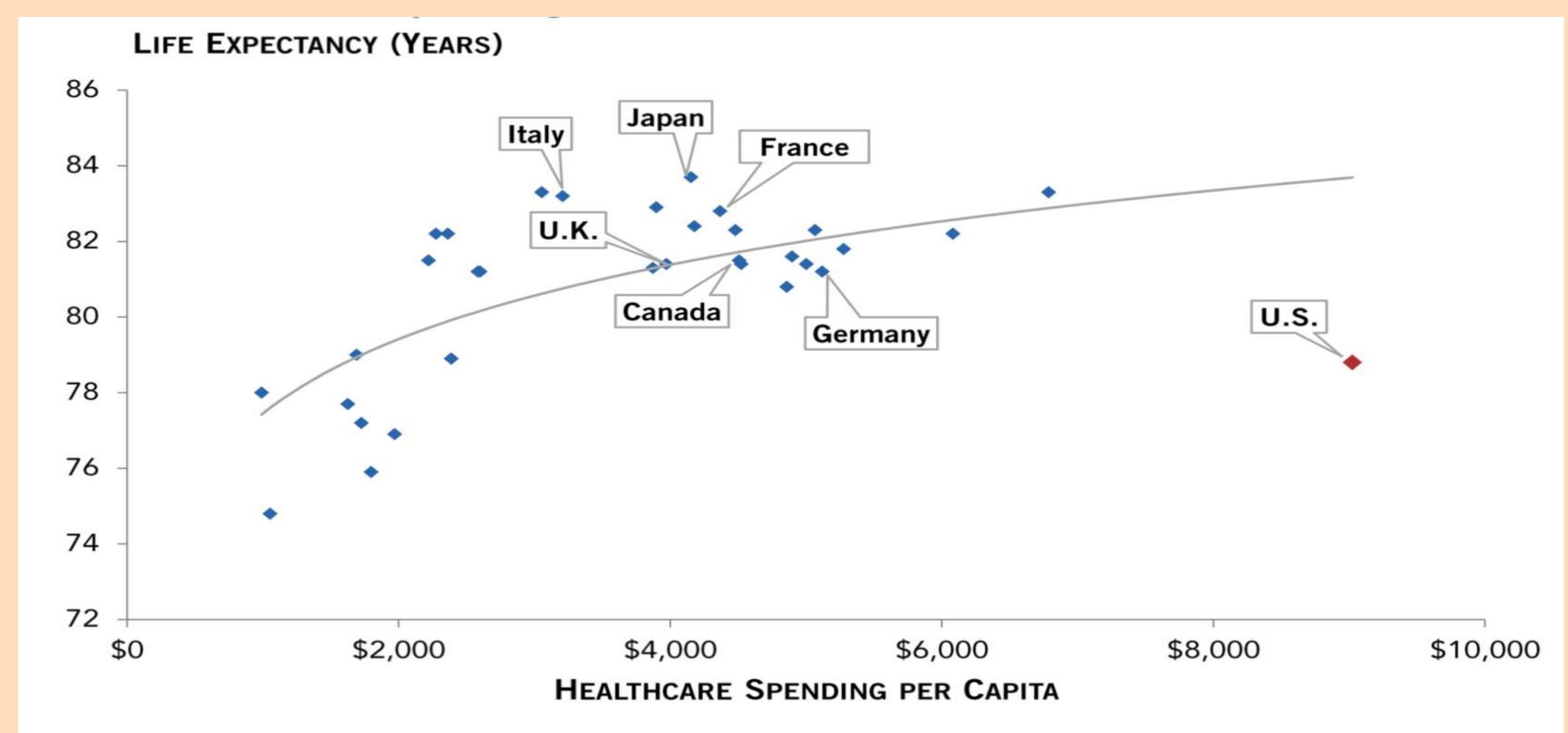
#### US Health Spendinig Exceeds Others but is Insufficient



SOURCE: Organization for Economic Cooperation and Development, *OECD Health Statistics 2016*, June 2016. Compiled by PGPF. NOTE: Data are for 2014 or latest available. Chart uses purchasing power parities to convert data into U.S. dollars.

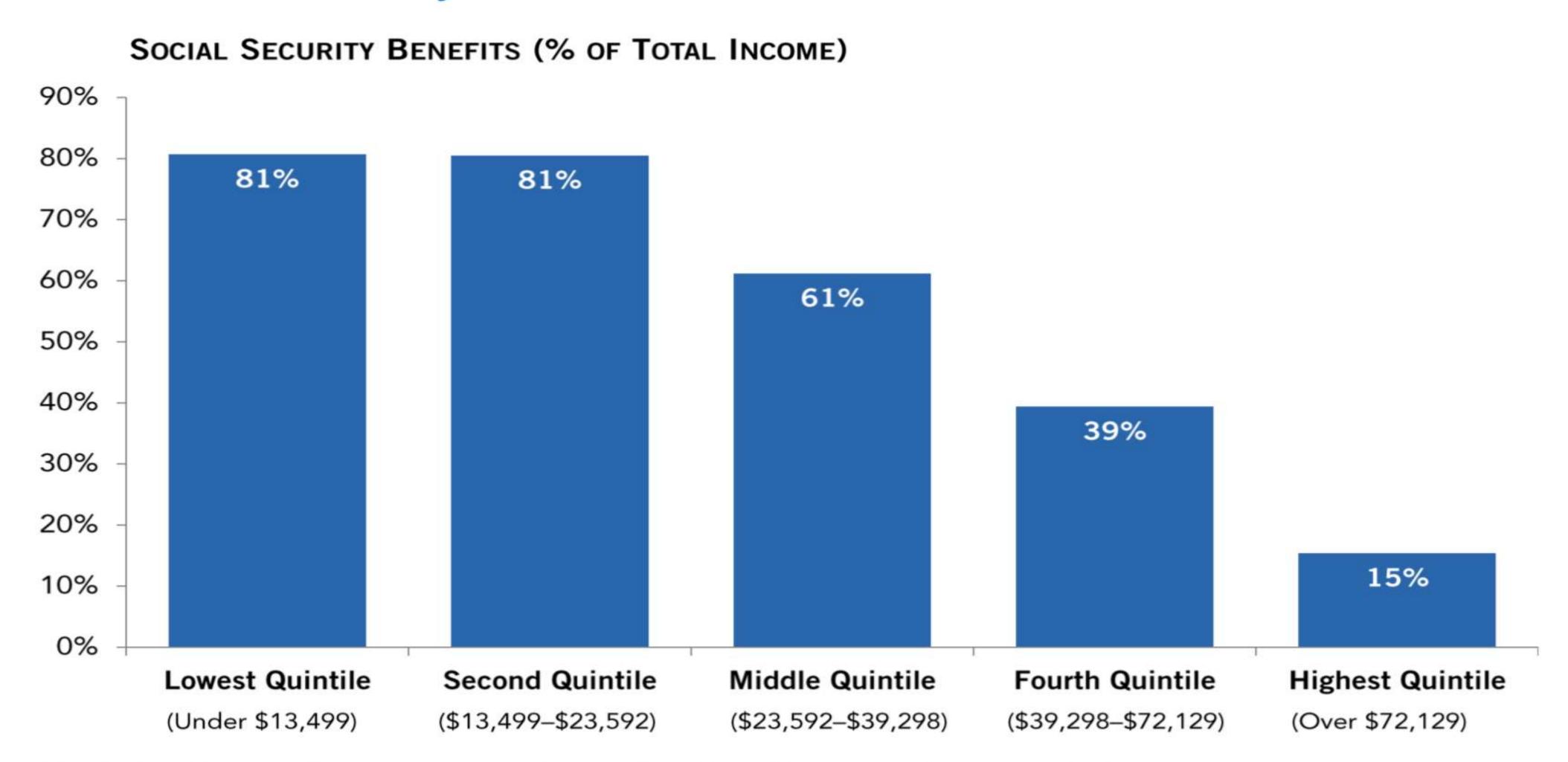
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### US Health Expenditures Are Inrelated to Life Expectancy



SOURCE: Organization for Economic Cooperation and Development, OECD Health Statistics 2016, June 2016. Compiled by PGPF. NOTE: Data are for 2014 or latest available. The trend line comes from a logarithmic regression.

### Over 60% of Population Now Depends on Social Security

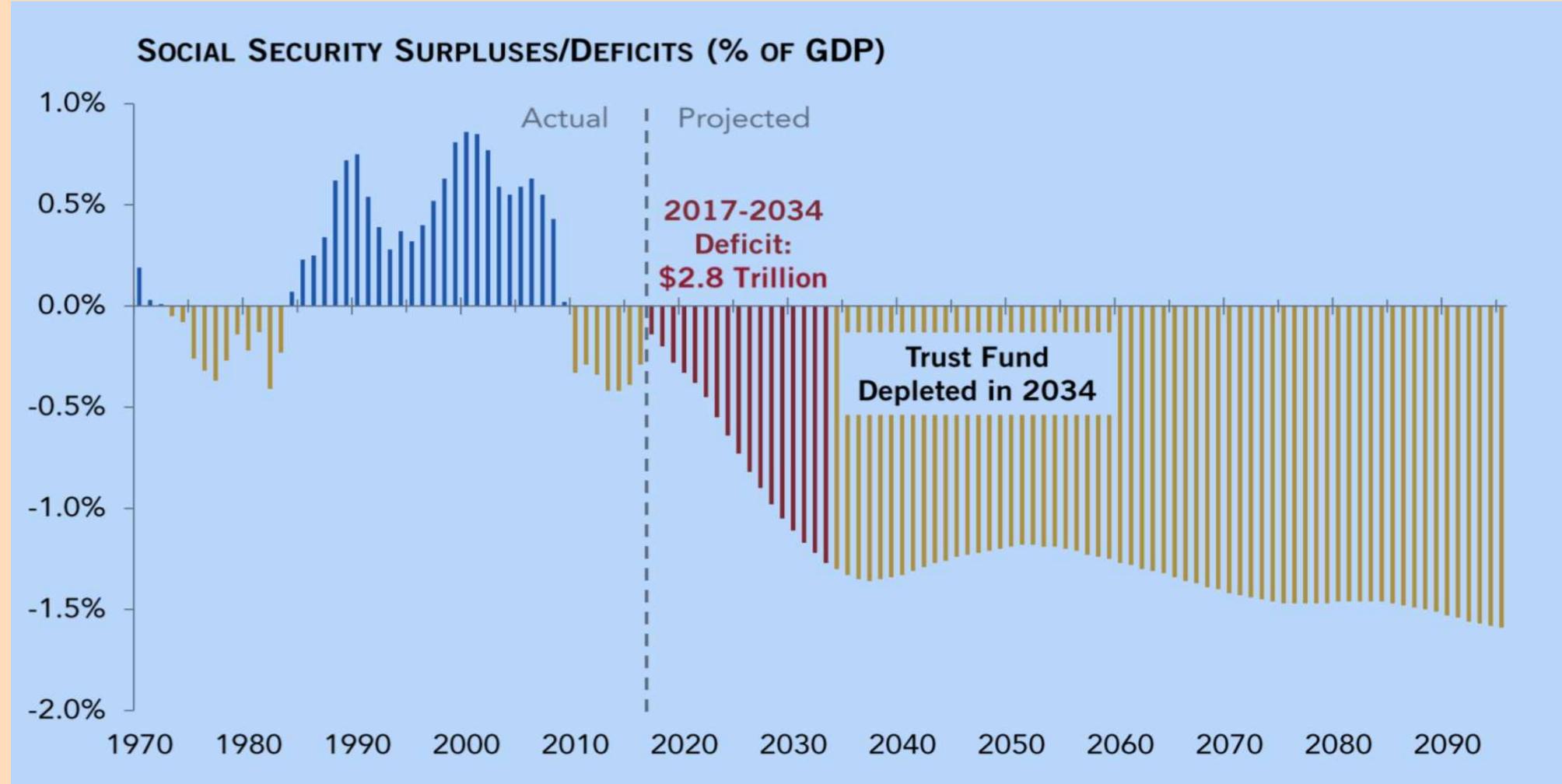


SOURCE: Social Security Administration, *Income of the Population 55 or Older, 2014,* April 2016. Compiled by PGPF. NOTE: A quintile is one-fifth of the population.

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## Social Security Will be Actuarially Bankruupt by 2034



SOURCE: Social Security Administration, The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, July 2017. Compiled by PGPF.

Federal Disability Insurance Trust Funds, July 2017. Compiled by FGFF.

NOTE: Surplus/deficit numbers exclude interest income. The total deficit of \$2.8 trillion is the present value of the cash deficits between 2017 2034.

#### Conclusions

# Improving the health of an aging population becomes top US priority.