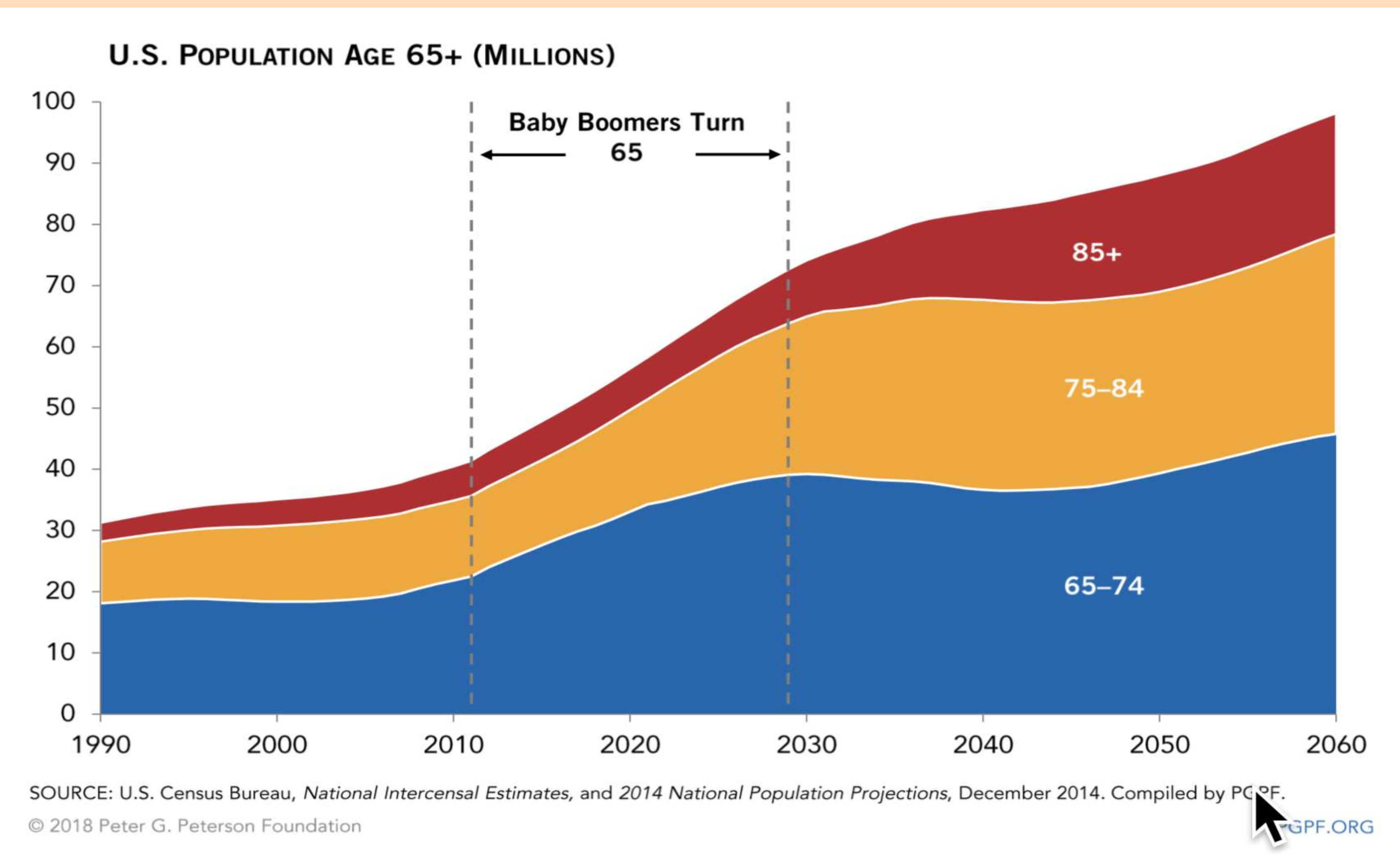


The Economics of US Health Care

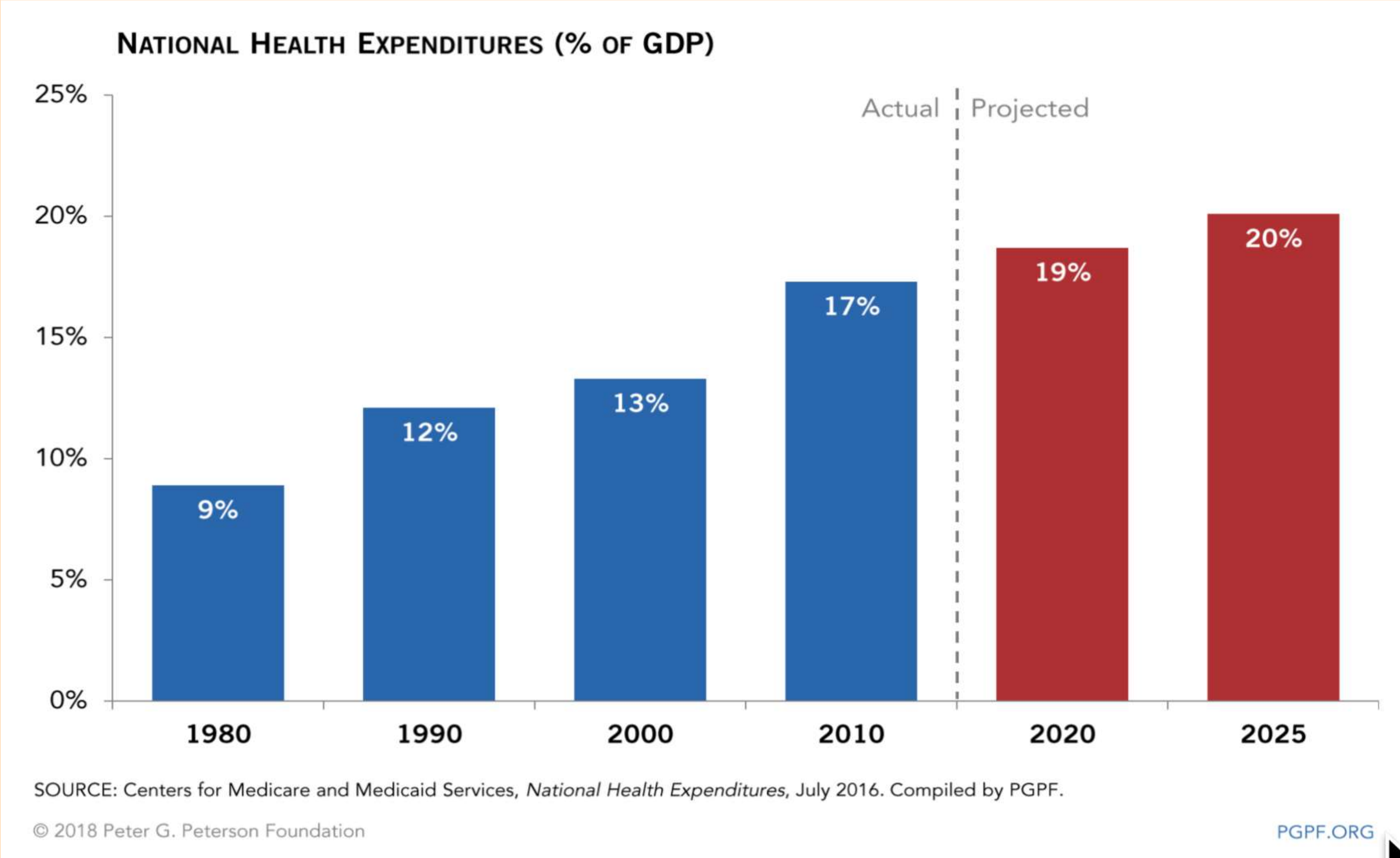
New Canaan Investment Club

February 7, 2018

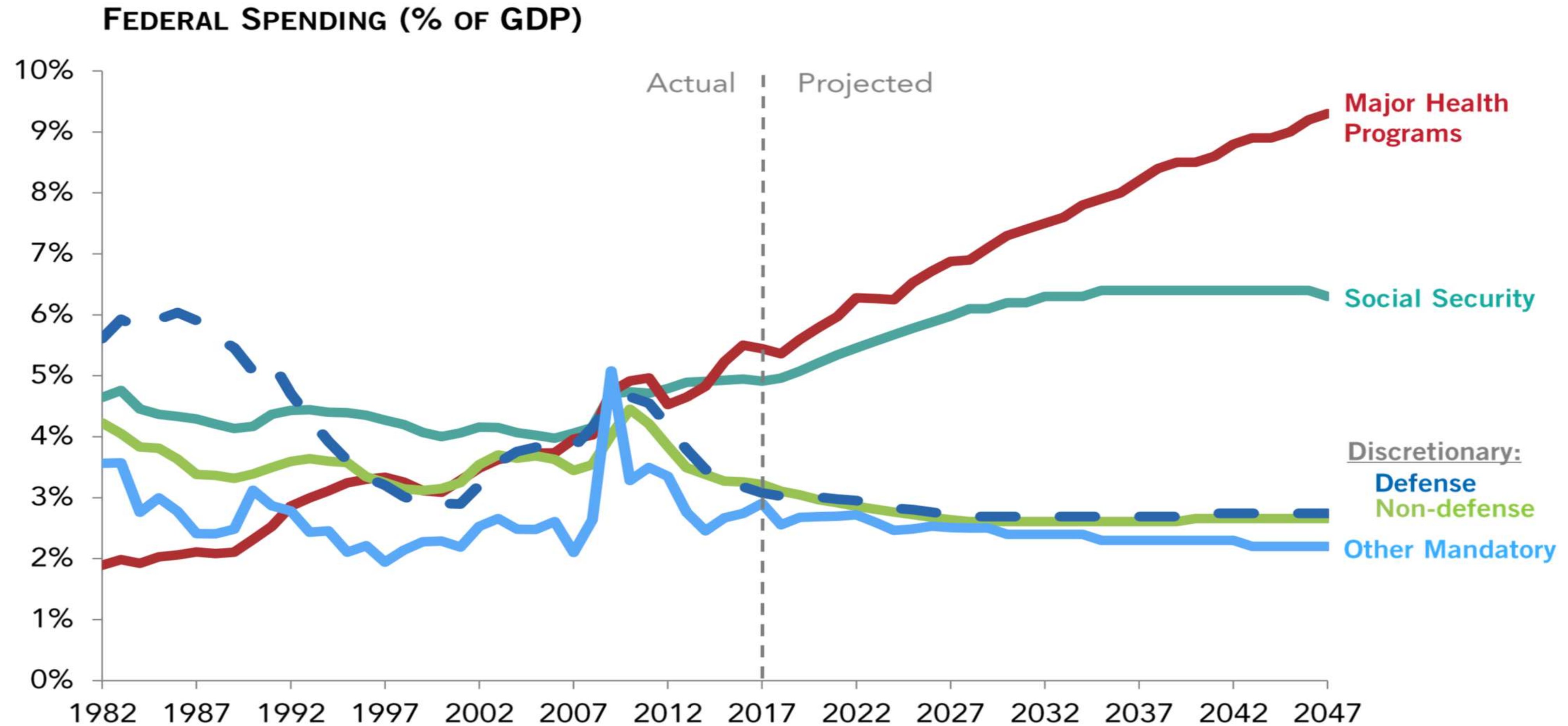
Health Care Economics is Driven by Increased Aging



Health Expenditures Will Equal 20% of GDP



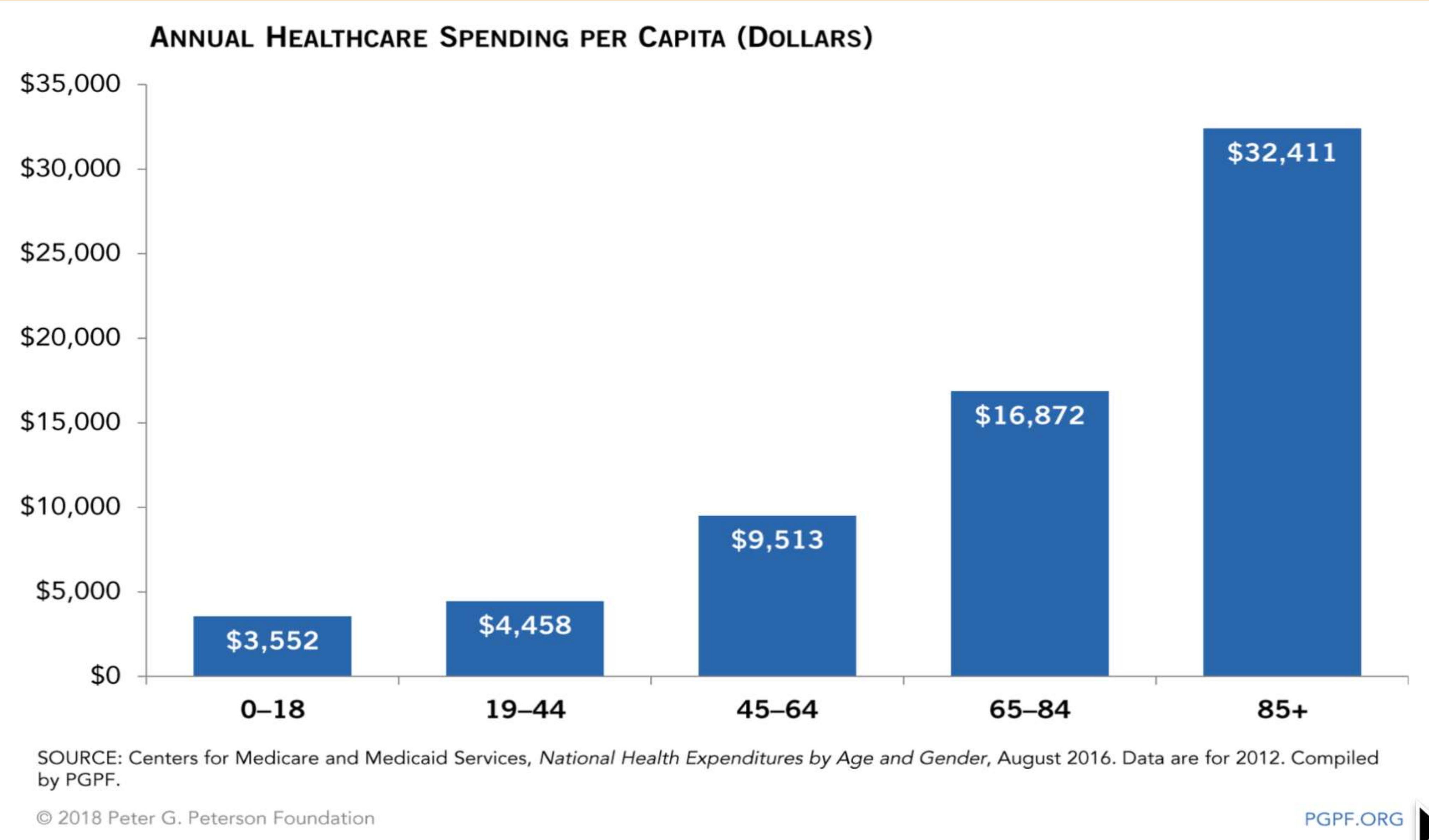
Federal Health and Welfare Spending Will Dominate Spending



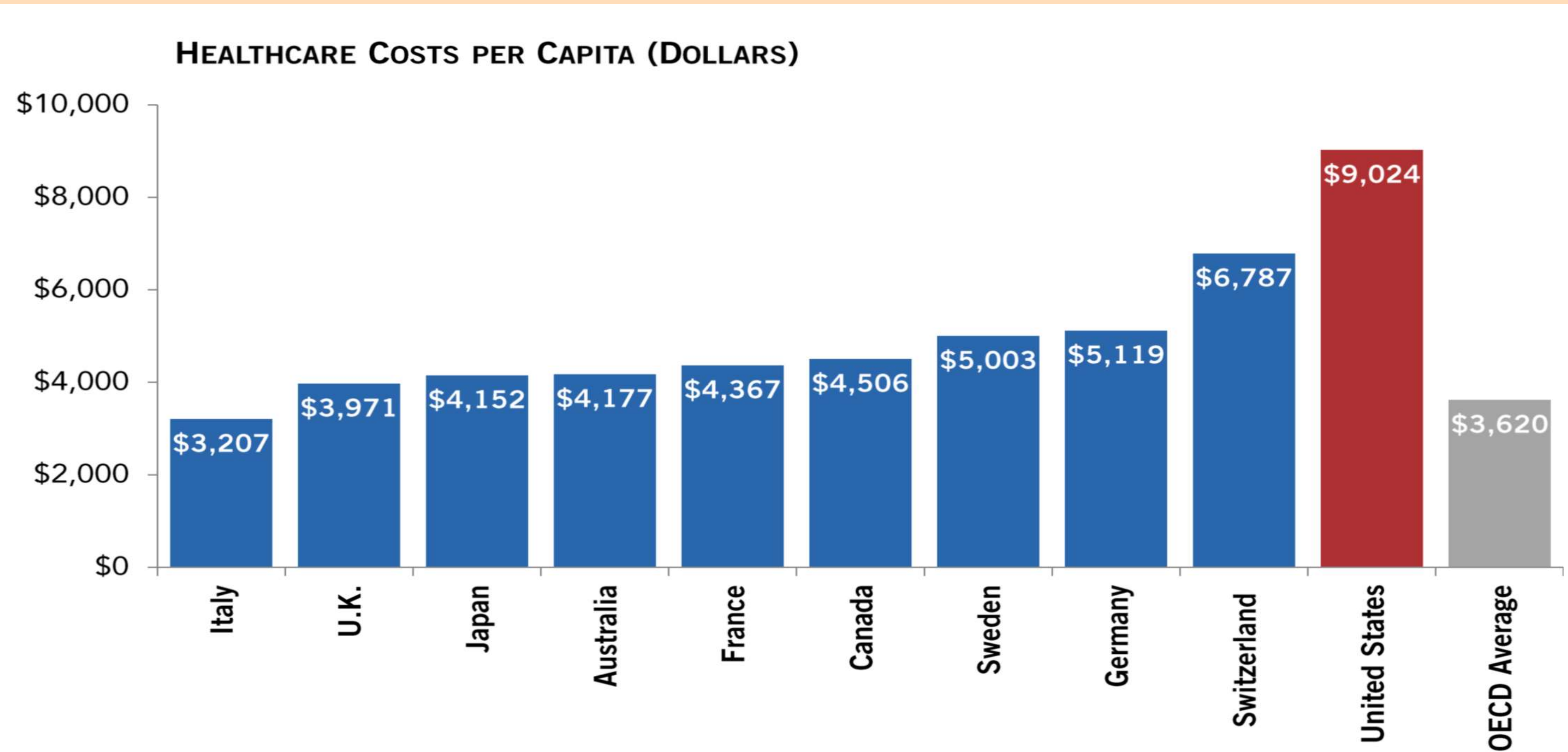
SOURCE: Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2017 to 2027*, June 2017; and PGPF calculations based on CBO data. Compiled by PGPF.

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

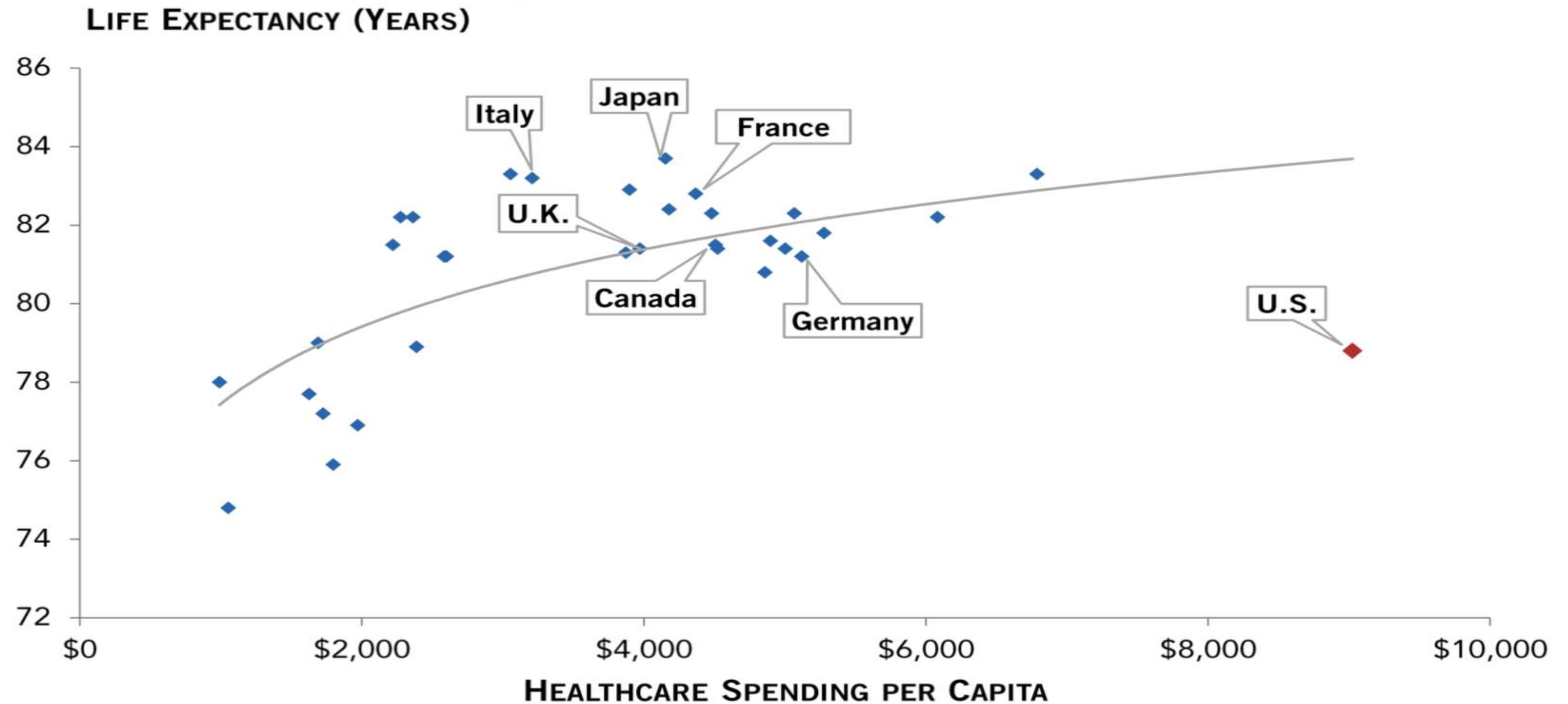


US Health Spending Exceeds Others but is Insufficient



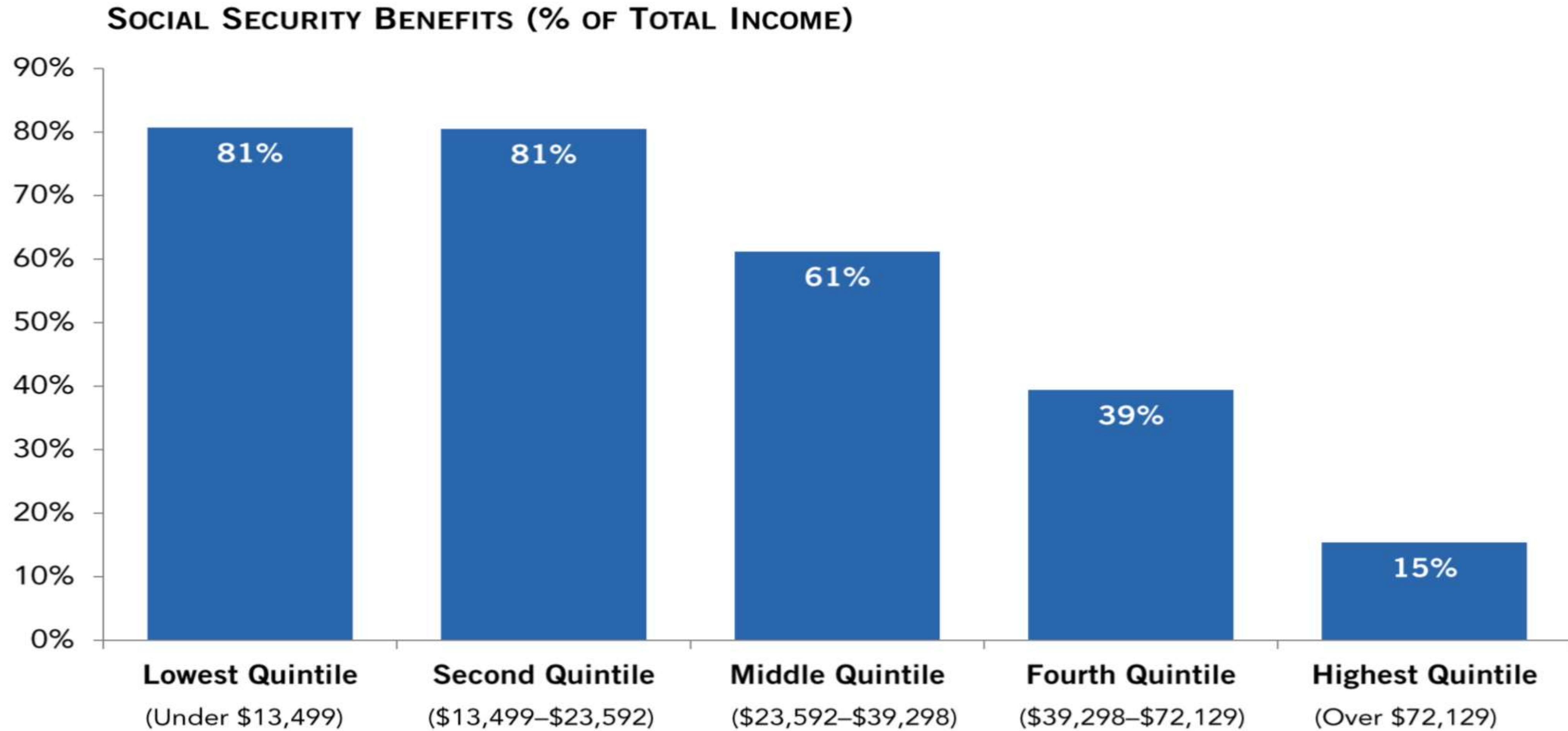
SOURCE: Organization for Economic Cooperation and Development, *OECD Health Statistics 2016*, June 2016. Compiled by PGPF.
NOTE: Data are for 2014 or latest available. Chart uses purchasing power parities to convert data into U.S. dollars.

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.

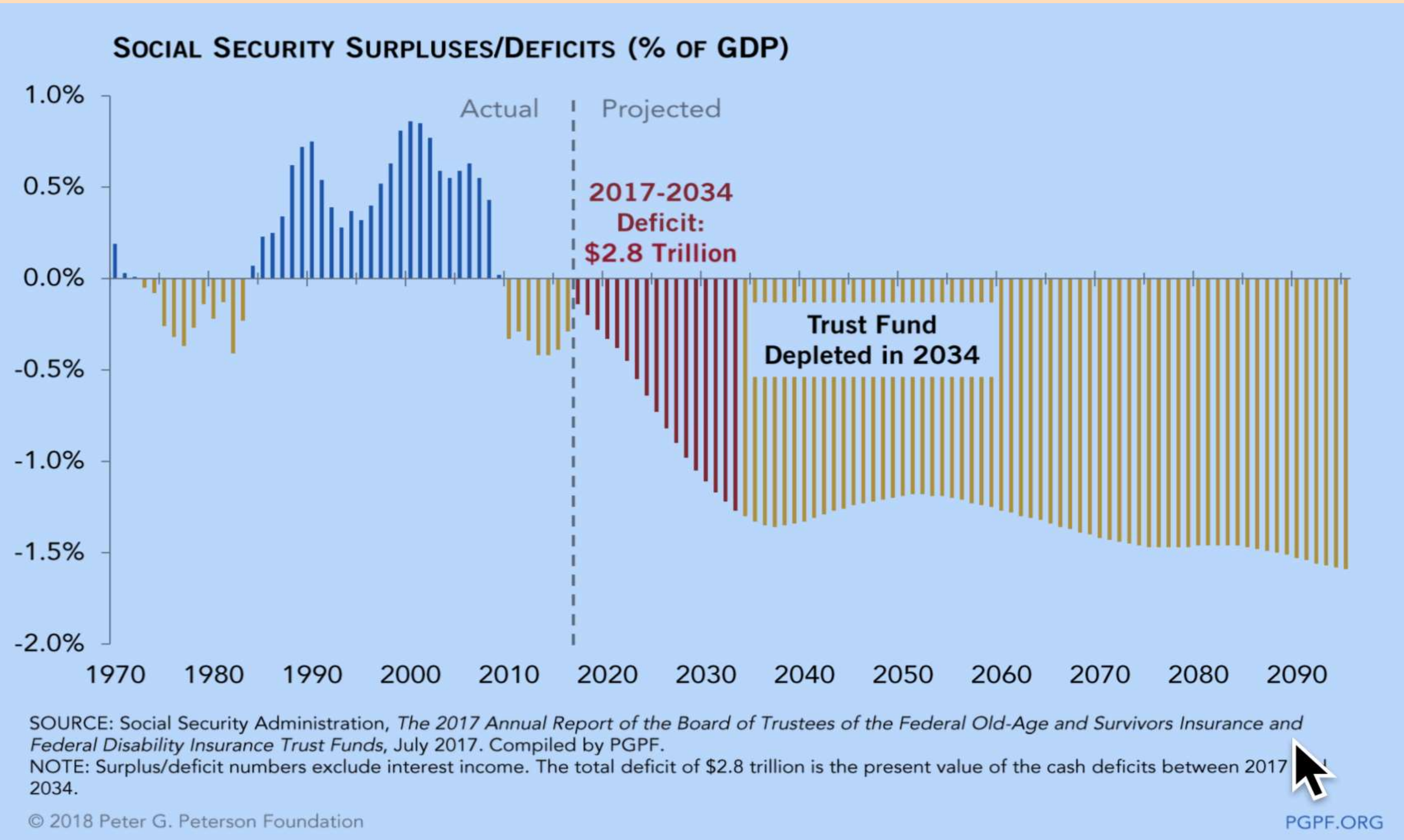
Over 60% of Population Now Depends on Social Security



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.

Social Security Will be Actuarially Bankrupt by 2034



Conclusions

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