U.S. health spending growth slowed in 2016

According to a new report released by CMS, the upward trajectory of U.S. healthcare spending slowed in 2016 compared to the previous two years. In 2016, spending on health care grew to 17.9% of U.S. gross domestic product – an increase of 4.3%. By contrast, spending increased more than 5% in both 2014 and 2015, as the Affordable Care Act expanded coverage on the individual health insurance market and in Medicaid and as new, high-cost prescription drugs entered the market. CMS attributes the slowdown in spending to lower demand for retail prescription drugs and hospital care. Additionally, while enrollment in Medicare continues to surge, spending slowed due to lower growth rates per enrollee. Notably, spending on physician and clinical services increased more rapidly than expenditures for other healthcare goods and services, accounting for 20% of total healthcare spending in 2016.