



# Health Care Policy Update

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Health care programs are a major component of the Federal budget, and Federal health care policies have significant effects on both the broader health care system and the economy as a whole. Spending on major Federal health care programs continues to grow. On the regulatory front, in recent months, the Administration has advanced the implementation of key Inflation Reduction Act provisions regarding Medicare prescription drugs and issued new regulations affecting nursing home staffing standards, Medicaid access and managed care plans, and short-term health insurance plans—each of which, if adopted, would have significant impacts on the health care sector and on Federal health spending.

- The Congressional Budget Office (CBO) recently [reported](#) that the Federal government's major health care programs, including Medicare and Medicaid, currently account for 28 percent of noninterest outlays and almost 40 percent of total health care spending in the United States.
- CBO projects that Federal outlays on health care will increase from 6.3 percent of GDP in 2024 to 9.8 percent of GDP in 2054, largely driven by growth in Medicare spending attributable to cost growth in per capita health care spending and an aging population.
- To rein in a portion of Medicare costs, the President has focused on the implementation of prescription drug policies in the Inflation Reduction Act (IRA) that

allow the Federal government to negotiate Medicare prescription drug prices with drug companies and require companies to provide rebates to Medicare when drug price growth exceeds inflation.

- The Administration has also issued major new regulations establishing minimum nursing home staffing requirements, updating access and managed care plan requirements in Medicaid, and promoting transparency for consumers considering the purchase of short-term, limited-duration insurance plans.

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