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## Uncle Sam to Pay More of the Tab for Health

By JANET ADAMY

Almost half the nation's health-care spending will come from government coffers by 2020, up four percentage points from 2010, according to new federal spending figures to be released Thursday.

The data, published by the trade journal Health Affairs, shows how President Barack Obama's 2010 health-overhaul law will reshape who foots the bill for the nation's medical expenses by the end of the decade.

Private employers will pay for a slightly smaller portion of the nation's health care because some large employers with low-wage workers are expected to stop offering health insurance, the report found.

Federal and state governments will take on a greater portion because the health overhaul will greatly expand the number of Americans on the Medicaid insurance program for the poor, and the federal government will subsidize insurance plans for millions of lower earners through new insurance exchanges. In addition, the growth of Medicare enrollment from an aging population will push up federal health-care spending.

Spending by federal, state and local governments is expected to account for 49% of all health spending, or \$2.28 trillion, in 2020, up from 45% in 2010. Private businesses are expected to account for 18% of all health spending, or \$820.5 billion, down from 20% in 2010.

The report's authors—economists and actuaries from the federal Centers for Medicare and Medicaid Services—cautioned that the figures could change if lawmakers rework federal health programs. Republicans have pledged to repeal the health overhaul if they retake the Senate and White House, and the law faces a series of court challenges that are expected to be settled by the Supreme Court. Cuts to Medicare and Medicaid spending also are on the table in Washington's negotiations to raise the federal debt ceiling.

In the near term, the recent recession and weak recovery are expected to reduce the rate of growth in health spending as consumers reduce out-of-pocket medical spending, and job losses cut the number of people covered by employer-sponsored insurance. In 2010, national health spending grew 3.9% to a total of \$2.6 trillion, according to the report. It called that a historic low, falling slightly below the previous year's growth rate of 4%. One reason was that the government paid private insurers less to run Medicare Advantage plans.

Health spending will see a sharp uptick in 2014, when the bulk of the health-overhaul law kicks in, including the Medicaid expansion and insurance subsidies for lower earners. The report projects that national health spending will grow 8.3% in 2014, up from a projected 5.5% growth rate in 2013.

While spending growth will spike in 2014, it is expected to taper off the following year and grow 6.2% on average from 2015 to 2020, the report found. It attributed the slowdown to the excise tax on high-cost insurance plans that begins in 2018, and the fact that some low-wage workers will lose their company insurance coverage.

The report predicts many of those people will get coverage through the new insurance exchanges, and some will get it through Medicaid, where costs tend to be lower.

By 2020, the report predicts, the growth rate of national health expenditures will be roughly equal to what the growth rate would have been had the health overhaul not been passed.

Even though some large employers will drop insurance coverage, the report found, the number of Americans with employer-sponsored insurance will not change dramatically under the law. By 2020, 167.8 million Americans are expected to have private employer-sponsored insurance, up from 162.8 million in 2010.

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