

Health care sector growth

ISSUE: In the past, MedPAC has documented the growth in the health care sector as a share of the U.S. gross domestic product (GDP). However, we have not described trends in some of the key measures that contribute to GDP, such as construction spending, employment, and wages.

KEY POINTS: The health care sector's resilience to recent downturns in the U.S. economy suggests that this sector is not under the same financial pressures as other sectors. Illustrated through its continued and consistent growth as a share of GDP, construction spending, employment, and wages, the health care sector is growing faster than the rest of the economy. The sector's performance may be due to relatively consistent payment streams from payers, such as the Medicare program.

ACTION: The Commission may want to discuss two general issues: first, the sustainability of the Medicare program if growth in health care construction spending, employment, and wages persist at their current rates; and second, the potential for policy initiatives intended to control health care costs to also restrain construction, employment, and wage growth within the health care sector and allow resources to flow to other sectors of the economy.

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