

Comments on:

Has the United States Bent the Health Care Cost Curve?

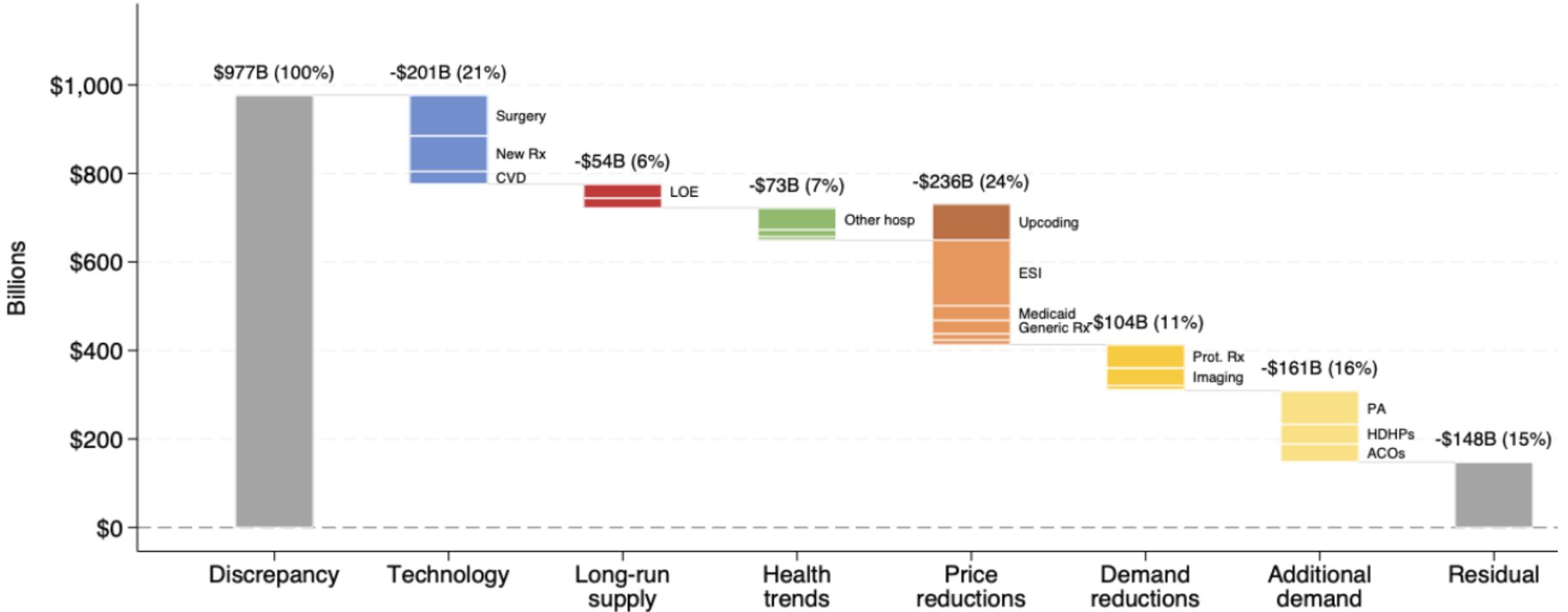
By David M. Cutler and Lev Klarnet

Jonathan Skinner
Dartmouth College & NBER
jon.skinner@dartmouth.edu
March 27, 2026

Cutler and Klarnet

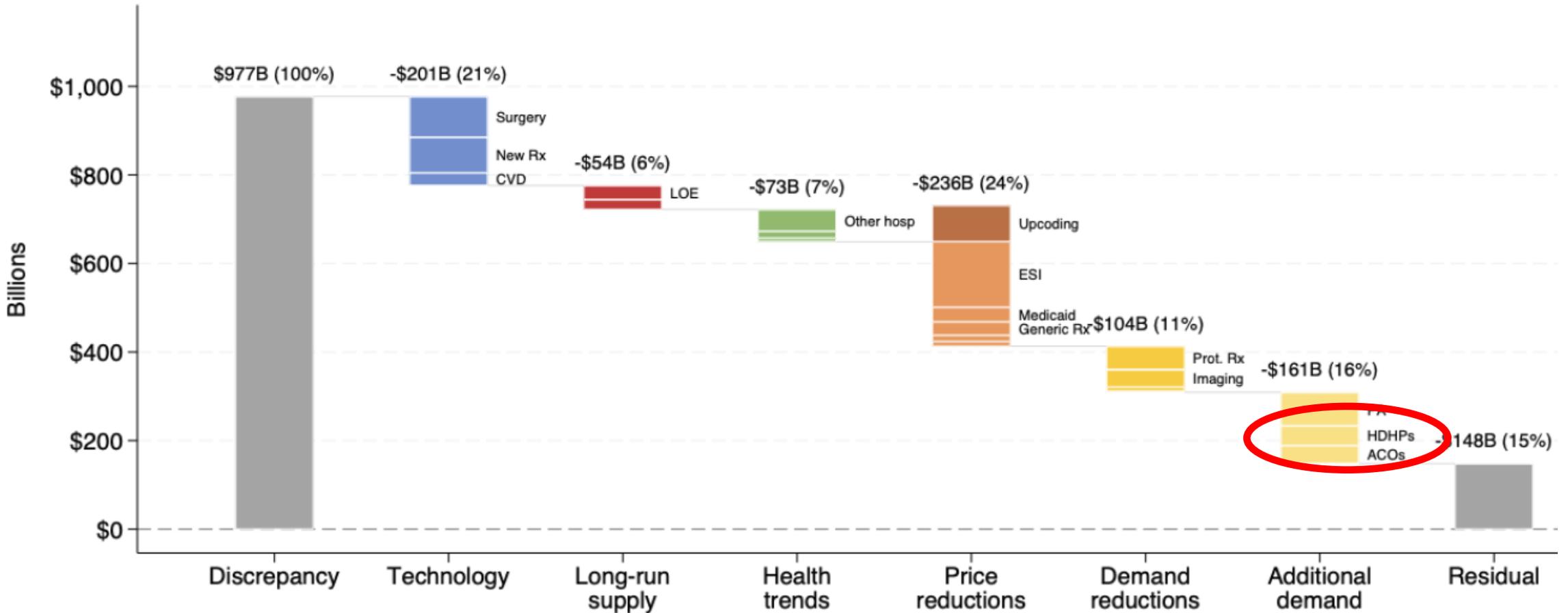
- A persuasive case that U.S. health care cost growth has moderated for the foreseeable future
- A welcome model of health expenditure utilization growth
- Important policy implications

Factors Behind Cost Growth Moderation



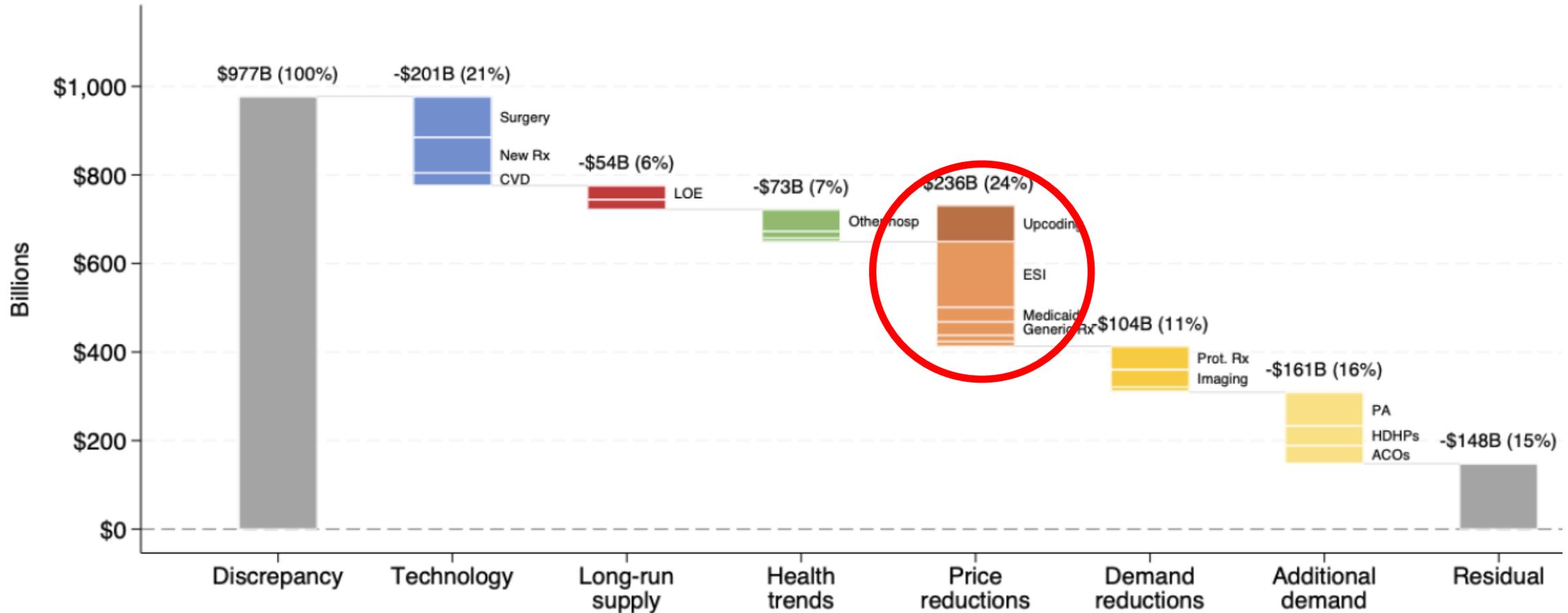
Source: Cutler and Klarnet, 2026

1. High-Deductible Plans (and ACOs) Haven't Delivered Promised Savings



Source: Cutler and Klarnet, 2026

2. Reimbursement Cuts Appear Effective in Bending the Cost Curve



Source: Cutler and Klarnet, 2026

My Comments

- Not smart to bet against Cutler and Klarnet

Oops

AMITABH CHANDRA
Harvard University

JONATHAN HOLMES
Harvard University

JONATHAN SKINNER
Dartmouth College

Is This Time Different? The Slowdown in Health Care Spending

Accountable care organizations (ACOs) and emboldened insurance companies may yet stifle health care cost growth, but our best estimate over the next two decades is that health care costs will grow at GDP plus 1.2 percent, a rate lower than previous estimates but still on track to cause serious fiscal pain for taxpayers and workers who bear the costs of higher premiums.

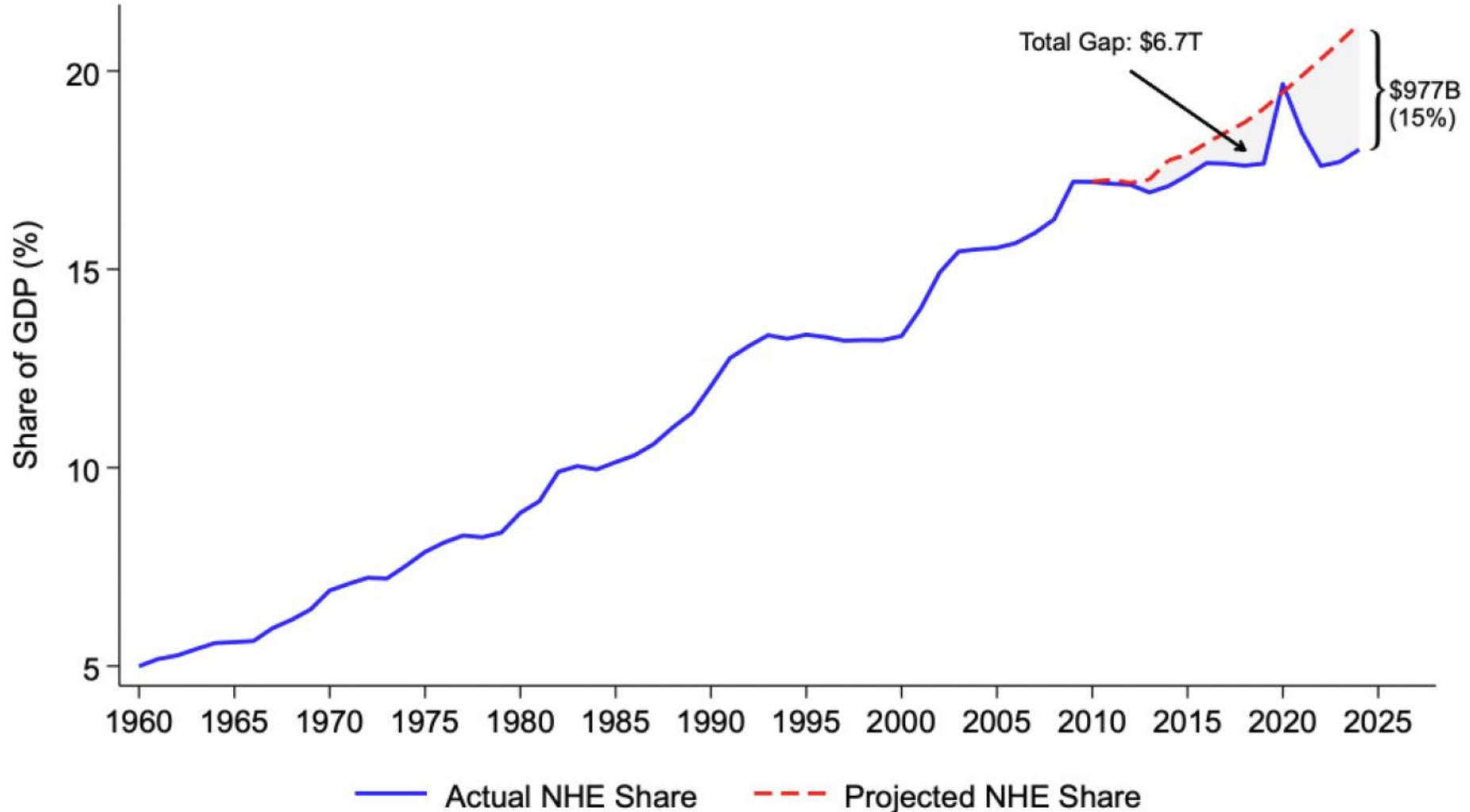
Fall, 2013

My Comments

- Not smart to bet against Cutler and Klarnet
- But – the counterfactual \$1 Trillion in savings depends on one's view of the underlying long-term trend in expenditures

Projected NHE/GDP Growth Circa 2010

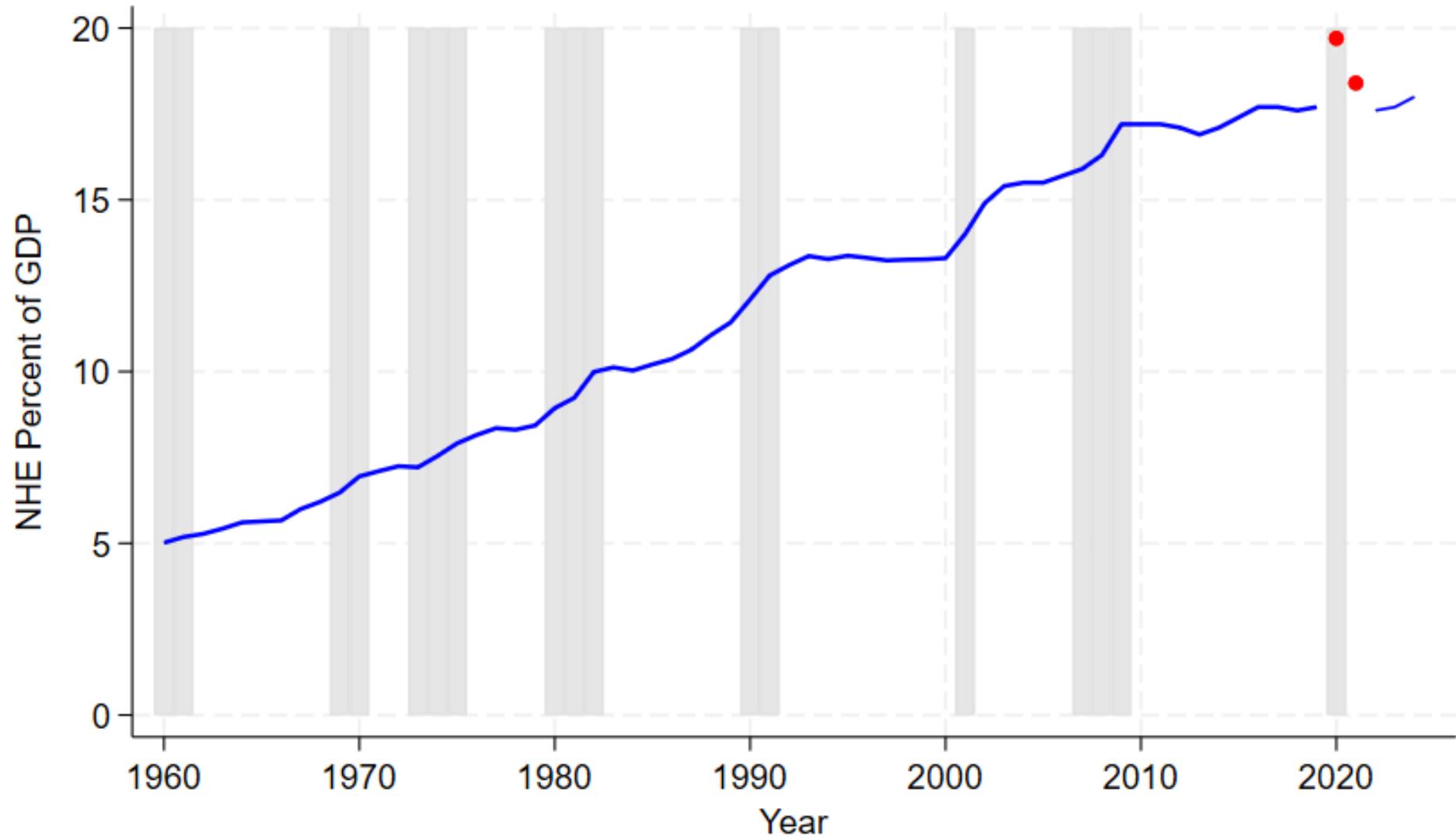
(NHE = National Health Expenditures)



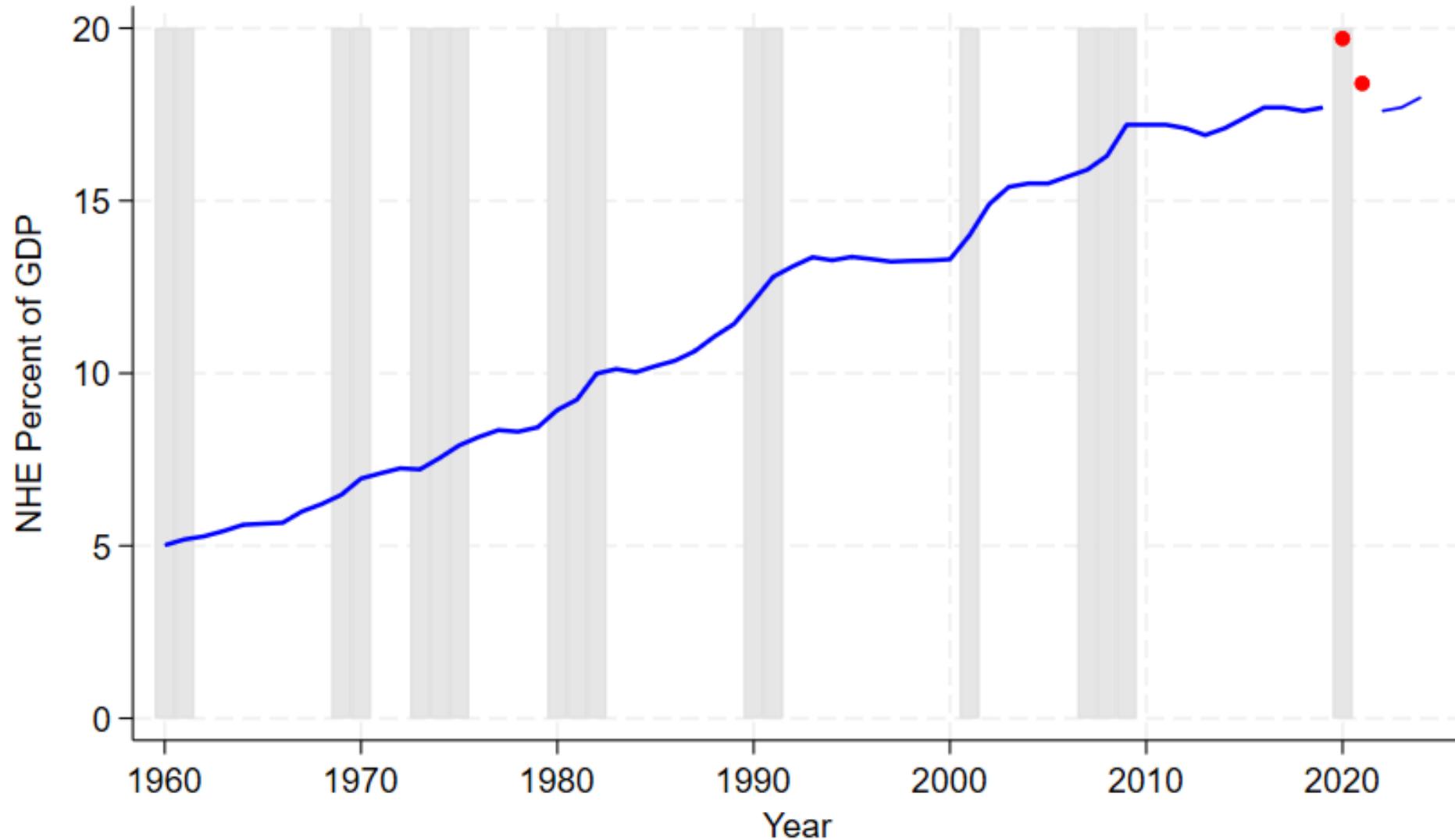
Source: Cutler and Klarnet, 2026

NHE as a Percentage of GDP

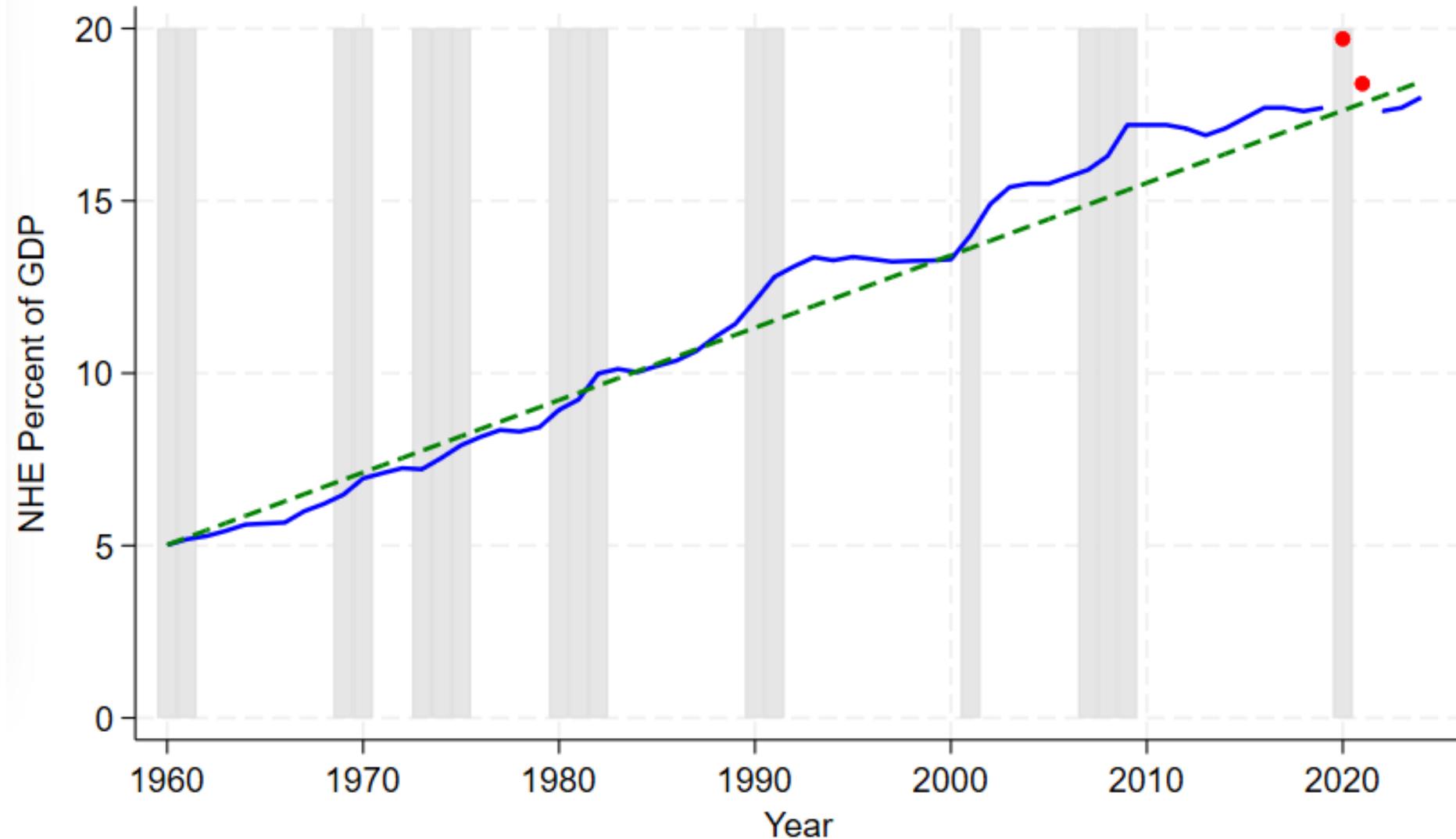
(with NBER Recessions in Gray & 2020/21 as dots)



Suppose We Use Late 20th Century Growth (1960-1999) to predict 21st Century Growth



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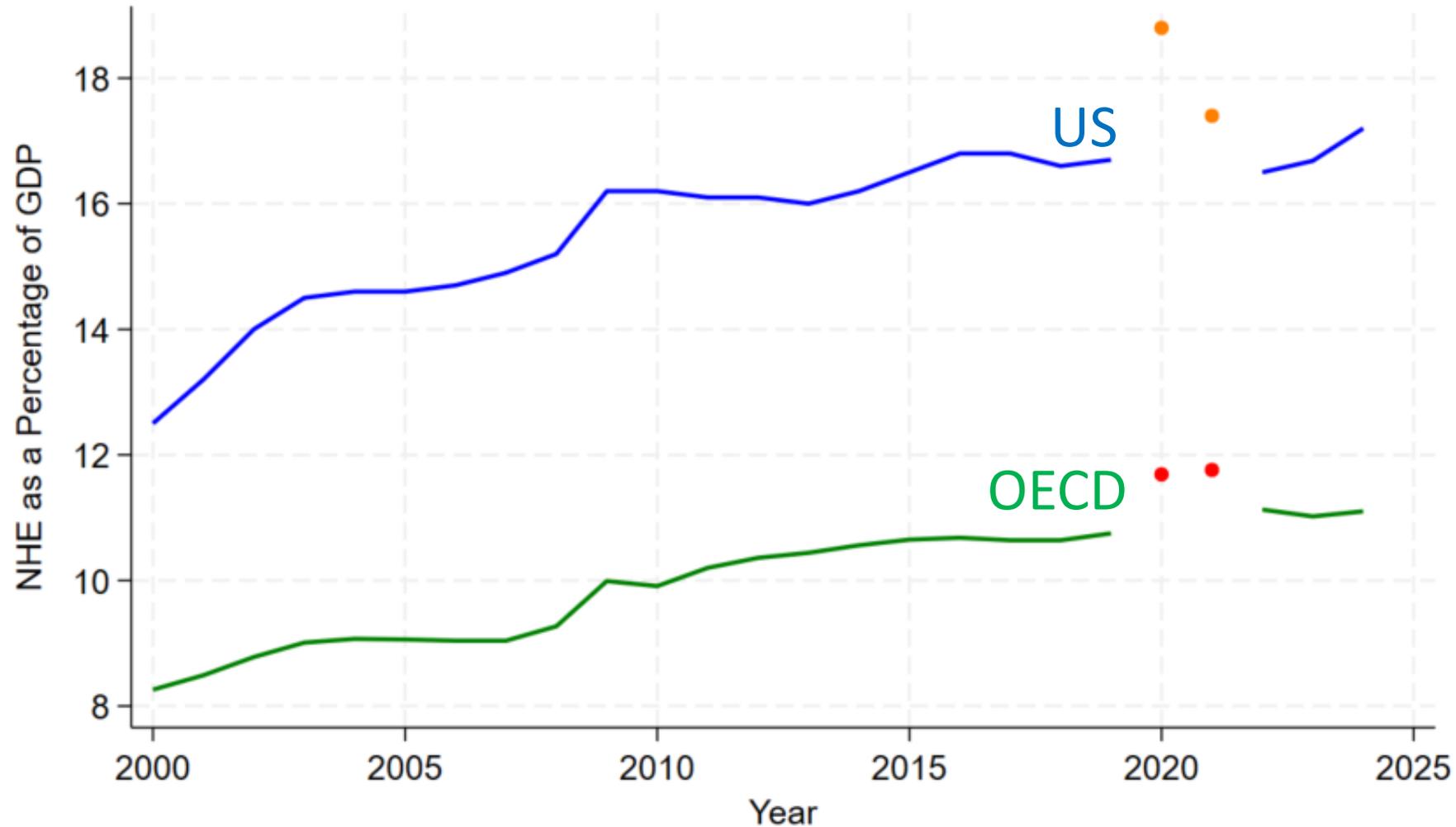
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- Why did spending in the 2000s jump? Arrival of new technology (ICDs, carotid endarterectomies) adopted quickly but “de-adopted” in the 2010s

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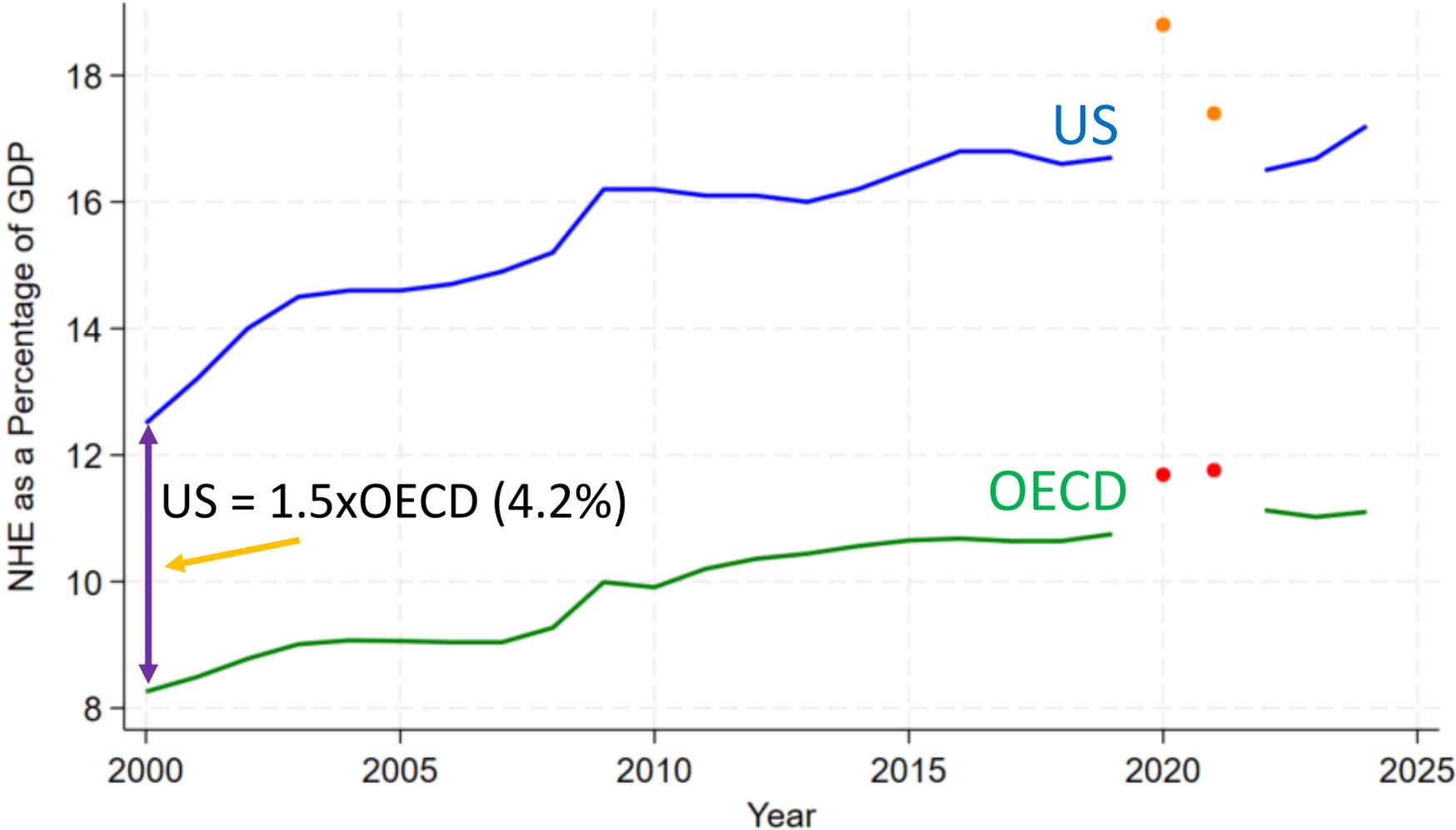
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- One impediment to bending the U.S. cost curve: High health care prices

National Health Spending as a % of GDP: U.S. & High-Income OECD Countries, 2000-2024 (2020/21 shown as dots)



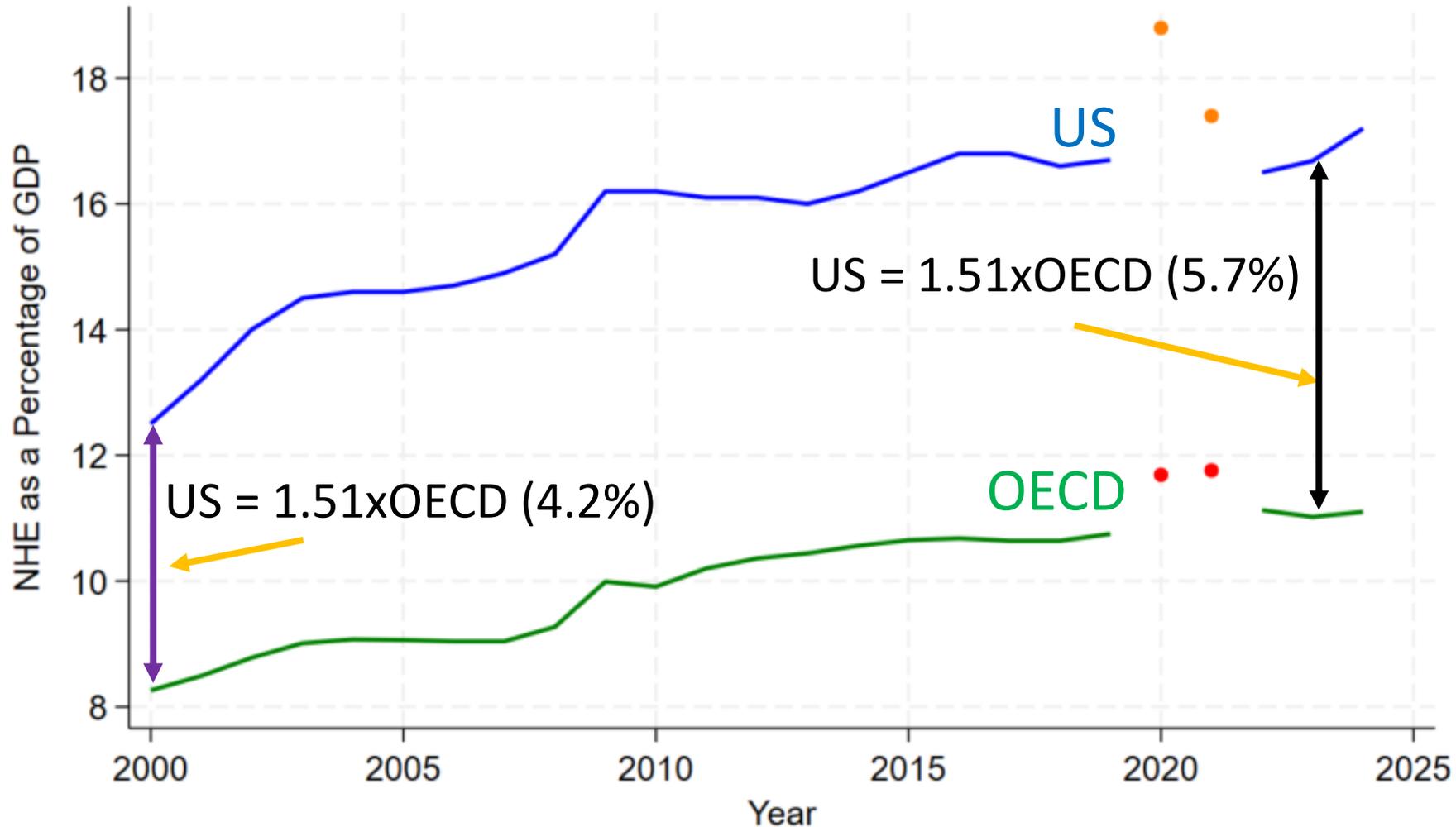
OECD Countries: AU, BE, CA, FR, DE, JA, NE, SW, SZ, UK; source: Wager et al., 2025 KFF, OECD 2025

In 2000, U.S. NHE/GDP 51% Higher than in OECD Countries

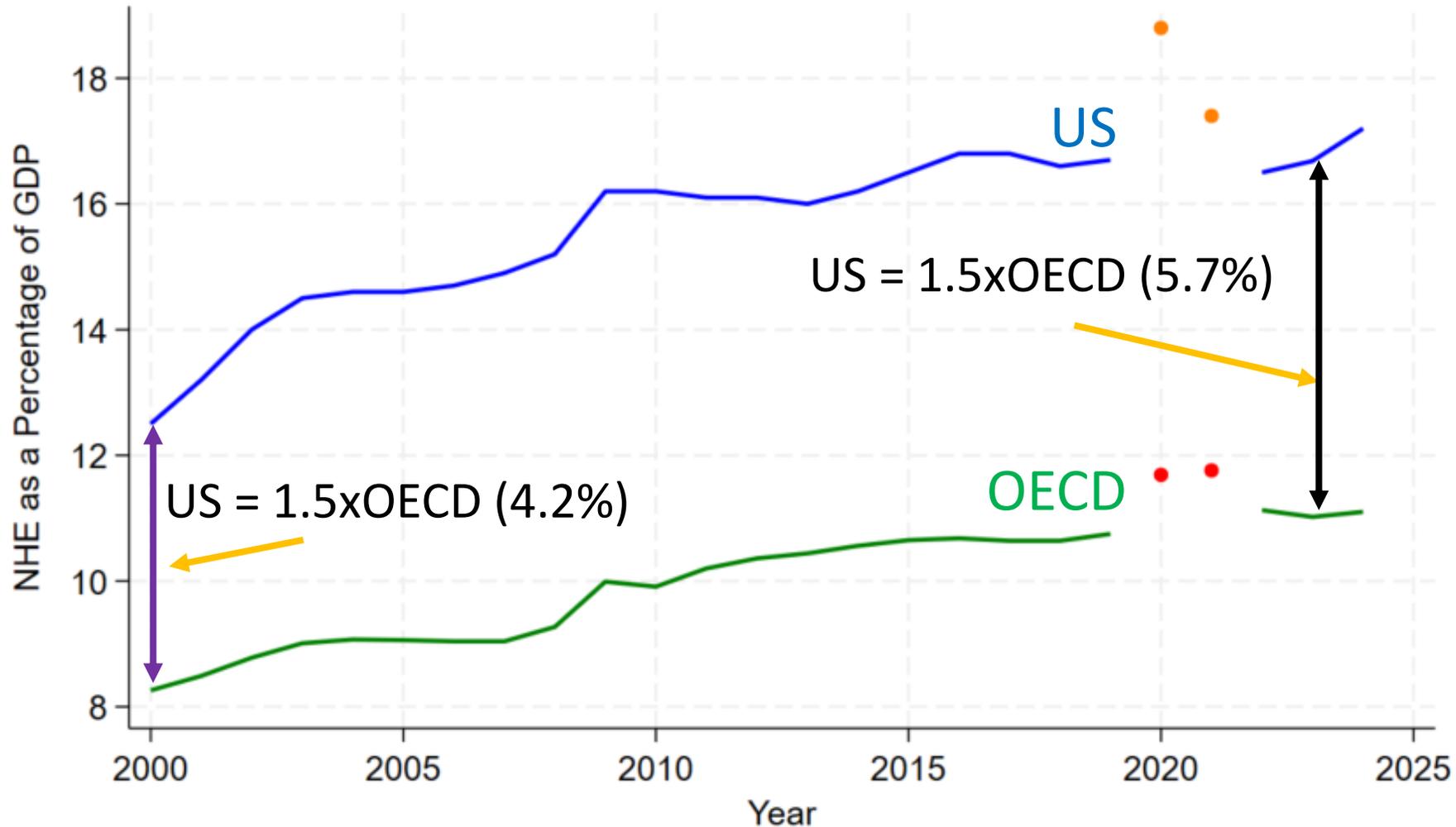


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In 2023, U.S. NHE/GDP 51% Higher than in OECD Countries



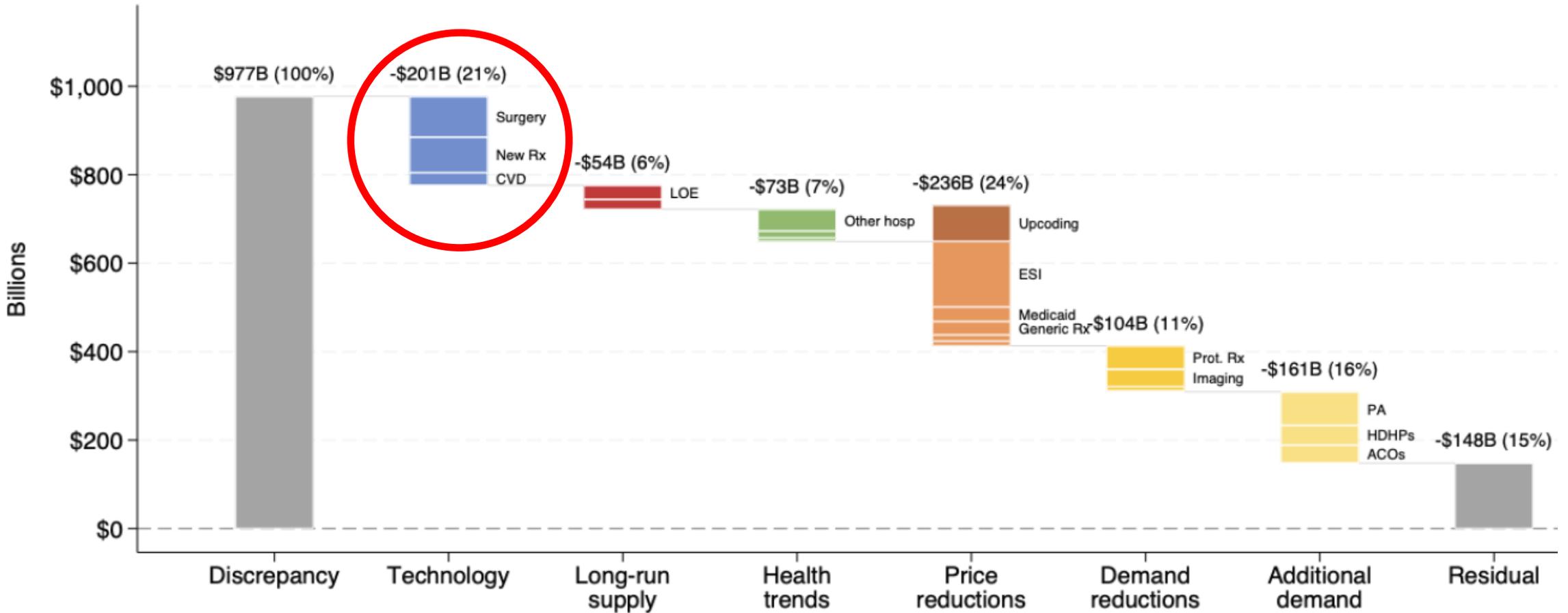
For an *Equal* Percentage Increase in Health Care Utilization, U.S. NHE/GDP Rose by an Extra 1.5% of GDP



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- One impediment to bending the U.S. cost curve: High health care prices
- Have we *permanently* bent the cost curve?

The Cost-Saving Effects of New Technology, 2010-2024



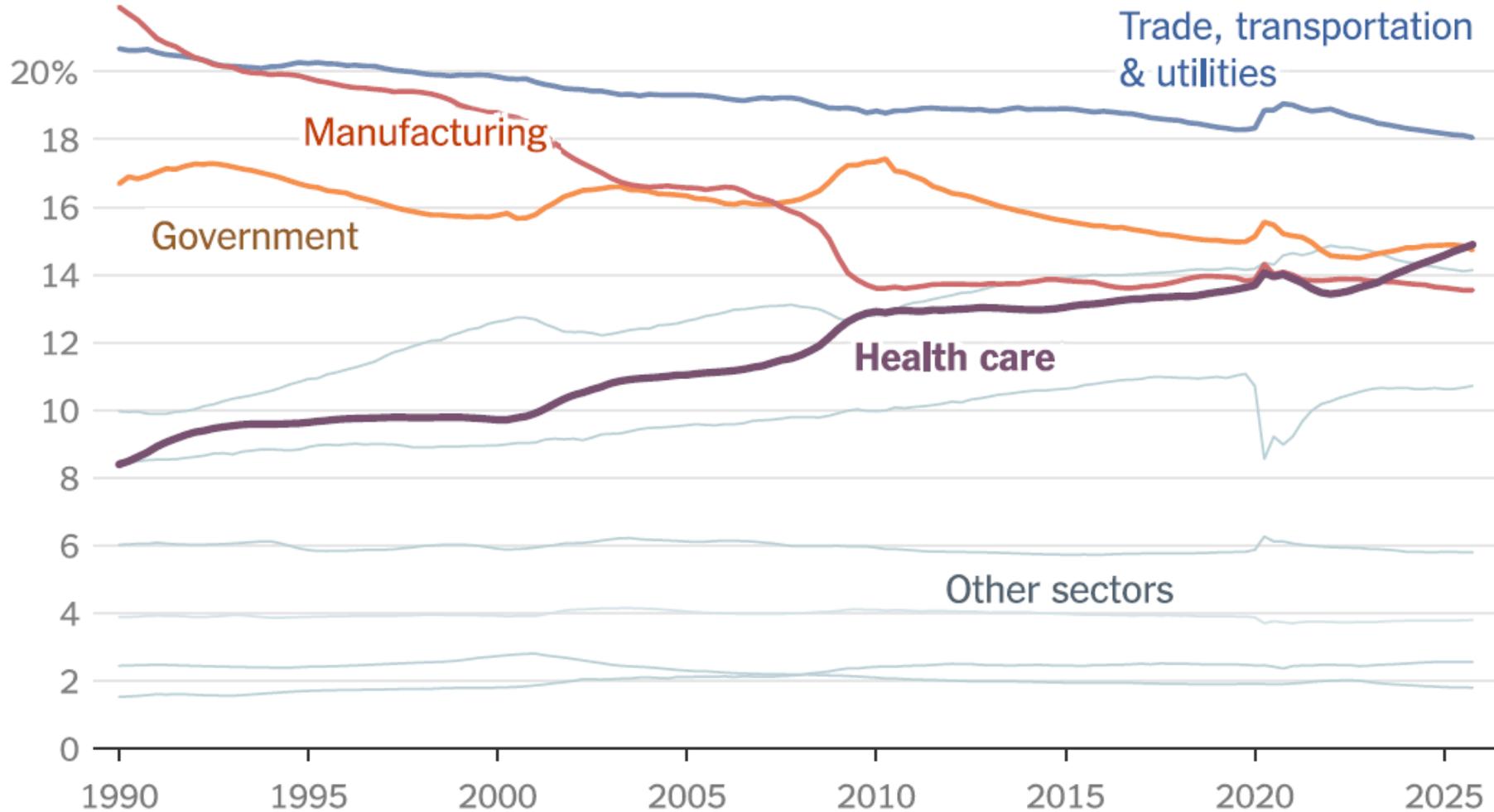
Source: Cutler and Klarnet, 2026

What Will Be the Cost Effects of New Technology, 2025-40?

- New preventive Alzheimer's and dementia drugs (large potential demand)
- mRNA personalized treatments (e.g., Moderna treatment with 49% reduction in recurrence/death for people with severe melanoma – but requires a personalized injection for each patient)
- GLP-1s? AI?

Health Care Jobs Are Gaining on Every Other Sector

As a share of total employment, the health care sector is as large as it's ever been.



Lydia DePillis, Health Care Has Become the Lifeblood of the Labor Market, NYT, March 6, 2026

Conclusions

- My new motto: “Never make predictions, especially about the future.”
(Casey Stengel)
- Regardless of whether we have in fact bent the cost curve forever, this study is a major contribution in pointing us to the most effective approaches to moderate health care cost growth