



Update to the Berkeley Forum's "A New Vision for California's Healthcare System: Integrated Care with Aligned Financial Incentives"

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This memo updates the analysis in the Berkeley Forum's "A New Vision for California's Healthcare System: Integrated Care with Aligned Financial Incentives" report to estimate California healthcare spending (total and per capita) in 2016 and 2017 under the status quo and "Forum Vision" scenarios outlined in the report.¹

Table 1 presents the new estimates. To produce the estimates we started with \$2.46 trillion – the 2015 estimate of California State Gross Domestic Product (GDP).² We then projected California State GDP to 2016 and 2017 by assuming California State GDP grows at 3% in both 2016 and 2017, which is the rate at which US GDP grew in 2016.³ By applying the projected shares of California State GDP spent on healthcare expenditures under the status quo in Figure 3E of the Forum report, we arrived at estimates of \$400 billion and \$415 billion in total healthcare spending in 2016 and 2017, respectively. Projections of California's population in 2016 and 2017⁴ were then used to estimate per capita healthcare spending at \$10,167 and \$10,448 in 2016 and 2017. Using a similar method, but with the projected "Forum Vision" shares of California State GDP spent on healthcare expenditures from Figure 3E, we estimated total healthcare spending to be \$391 billion and \$404 billion in 2016 and 2017, with per capita estimates of \$9,941 and \$10,185 across the two years.

Table 1: Estimates of California Healthcare Spending

	Total (in millions)		Per Capita	
	2016	2017	2016	2017
Status Quo	\$400,102	\$414,713	\$10,166	\$10,447
Forum Vision	\$391,239	\$404,281	\$9,941	\$10,185

¹ Scheffler RM, Bowers LG, Fulton BD, Connors C, Shortell SM, Morrison, I. *A New Vision for California's Healthcare System: Integrated Care with Aligned Financial Incentives*. Berkeley, CA: Berkeley Forum for Improving California's Healthcare Delivery System, School of Public Health, University of California, Berkeley (February 2013)

² http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/

³ <https://www.bea.gov/national/index.htm#gdp>

⁴ <http://www.dof.ca.gov/Forecasting/Demographics/projections/>