



# Long Term Care and Medical Cost Trends

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# Valuation of Future Life Costs

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In US personal injury litigation, the value of future costs of medical and related care are a key element of damages when there is a catastrophic injury.

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Life care planner or physician presents a life care plan that expresses plaintiff's future needs in current dollars.

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Appropriate expert may opine on life expectancy of the plaintiff

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Economist projects future increases in costs and computes present value of future costs

# Recent Increases in Medical Related Costs in the United States

<u>US CPI Index</u>	<u>Average Annual Percent Change</u>	
	<u>2010-2025</u>	<u>2020-2025</u>
<b>All Items</b>	2.6%	4.5%
<b>Medical Care</b>	2.7%	2.3%
<b>Hospital Services</b>	4.4%	4.2%
<b>Nursing Homes and Adult Day Services</b>	3.6%	4.3%
<b>Care of Invalids and Elderly At Home*</b>	3.0%	6.8%
<b>Medical Equipment and Supplies</b>	0.8%	2.2%
<b>Prescription Drugs</b>	2.2%	1.3%
<b>Physician Services</b>	1.7%	1.8%
<b>Services by other Medical Professionals*</b>	0.6%	2.6%

# Observations

Costs of various medical services and commodities do not exhibit the same growth trends either since 2010 or post-COVID.

Cost increases for physician and nonphysician services, and medical equipment and supplies have lagged general inflation.

Cost increases for hospital services, nursing homes and adult day services, and home care have exceeded general inflation.

# Caveats to Use of Historic Costs to Project Future Life Care Costs

## Technological change

- Assistive technology
- Medications

Reimbursement  
policies by Medicare,  
Medicaid, and  
private insurers

US immigration policy

Hospital mergers and  
increased market  
concentration

Medical practice  
consolidation and  
investment by private  
equity in medical  
practices