

# CALIFORNIA HEALTH CARE ALMANAC



## Health Care Costs 101

MAY 2011

# Introduction

In 2009, national health care spending grew at the slowest pace seen in half a century. The 4.0 percent increase over prior year spending extended a slowing trend that has been underway since 2003. However, the modest growth in health spending still outpaced the economy, and health care's share of GDP rose to 17.6 percent, a full percentage point above 2008. Total health care spending in 2009 reached \$2.5 trillion, or \$8,086 per person. Although the "great recession" came to an official close in mid-2009, it had a pronounced effect on the nation's health spending.

*Health Care Costs 101*, part of the California HealthCare Foundation's "California Health Care Almanac," provides general background on U.S. health spending. It details how much we spend, on which services, and what proportion is paid directly by consumers.

## HIGHLIGHTS INCLUDE:

- Health spending grew 4.0 percent in 2009, an all-time low, and the smallest annual increase on record.
- The federal government's spending on health care jumped to 54 percent of its revenues, as its health spending increased by 17.9 percent and revenues declined by a similar amount.
- While health spending by private insurers only grew 1.3 percent in 2009, Medicare spending grew by 7.9 percent and Medicaid by 9.0 percent.
- Households contribute the largest share to the financing of health care (28 percent) followed closely by the federal government (27 percent).
- Spending on home health care (10.0 percent) grew the fastest, while spending on the capital-intensive category, structures and equipment, declined (-2.7 percent).
- In 2009, spending growth on prescription drugs rose for the first time since 2006, to 5.3 percent.
- Hospital care (31 percent) and physician and clinical services (20 percent) account for slightly more than half of all health spending.

Note: This report is based on 2009 national data, the latest information on health spending available from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), Office of the Actuary. Projections include the impact of health reform and reflect the September 2010 data release. Except where noted, total health spending refers to total national health expenditures. California HealthCare Foundation will update its California-specific companion snapshot when CMS state-level data becomes available later in the year.

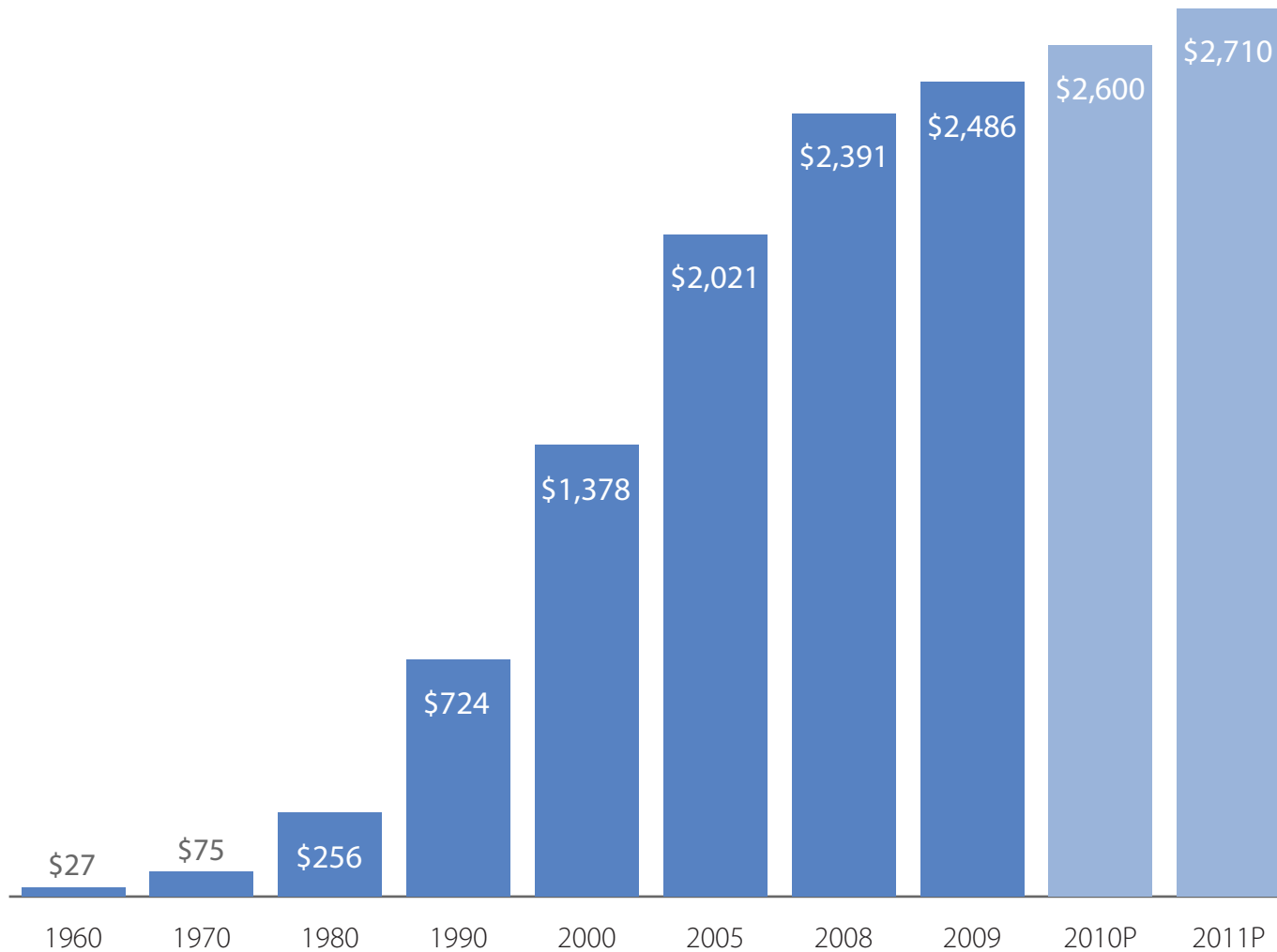
## Health Care Costs 101

Overview

### CONTENTS

Spending Levels.....	3
Spending Categories.....	8
Contributors.....	10
Payment Sources.....	14
Growth Trends.....	20
Spending Trends.....	29
Data Resources.....	31
Appendix: Category Breakdown.....	32

# National Health Spending, in Billions, 1960–2011\*



## Health Care Costs 101

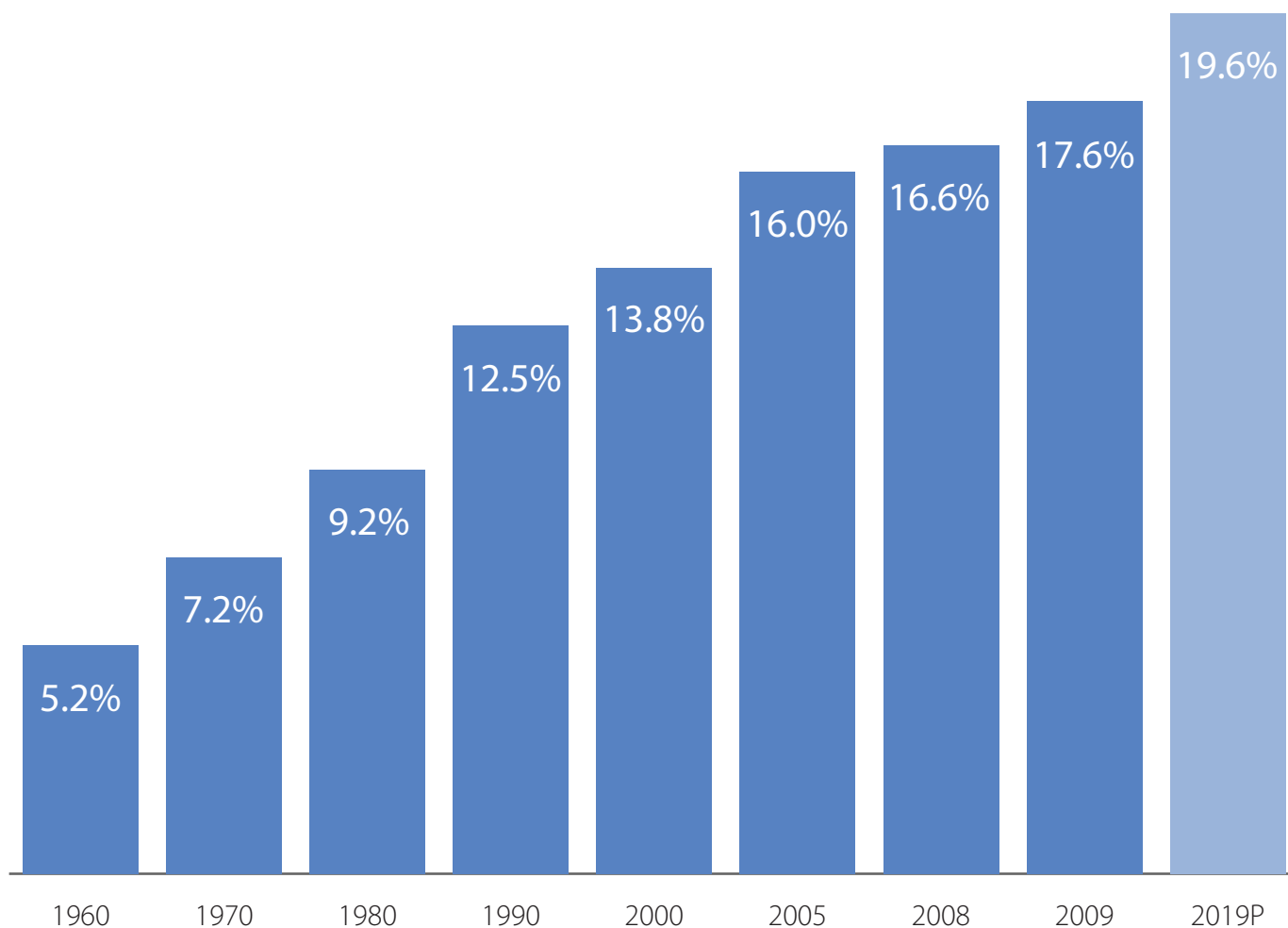
Spending Levels

Health spending reached nearly \$2.5 trillion in 2009 and is projected to reach \$2.7 trillion in 2011.

\*Selected rather than continuous years of data shown prior to 2008. Years 2010 forward are CMS projections (September 2010 data release).

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# National Health Spending as a Share of GDP, 1960–2019\*



## Health Care Costs 101

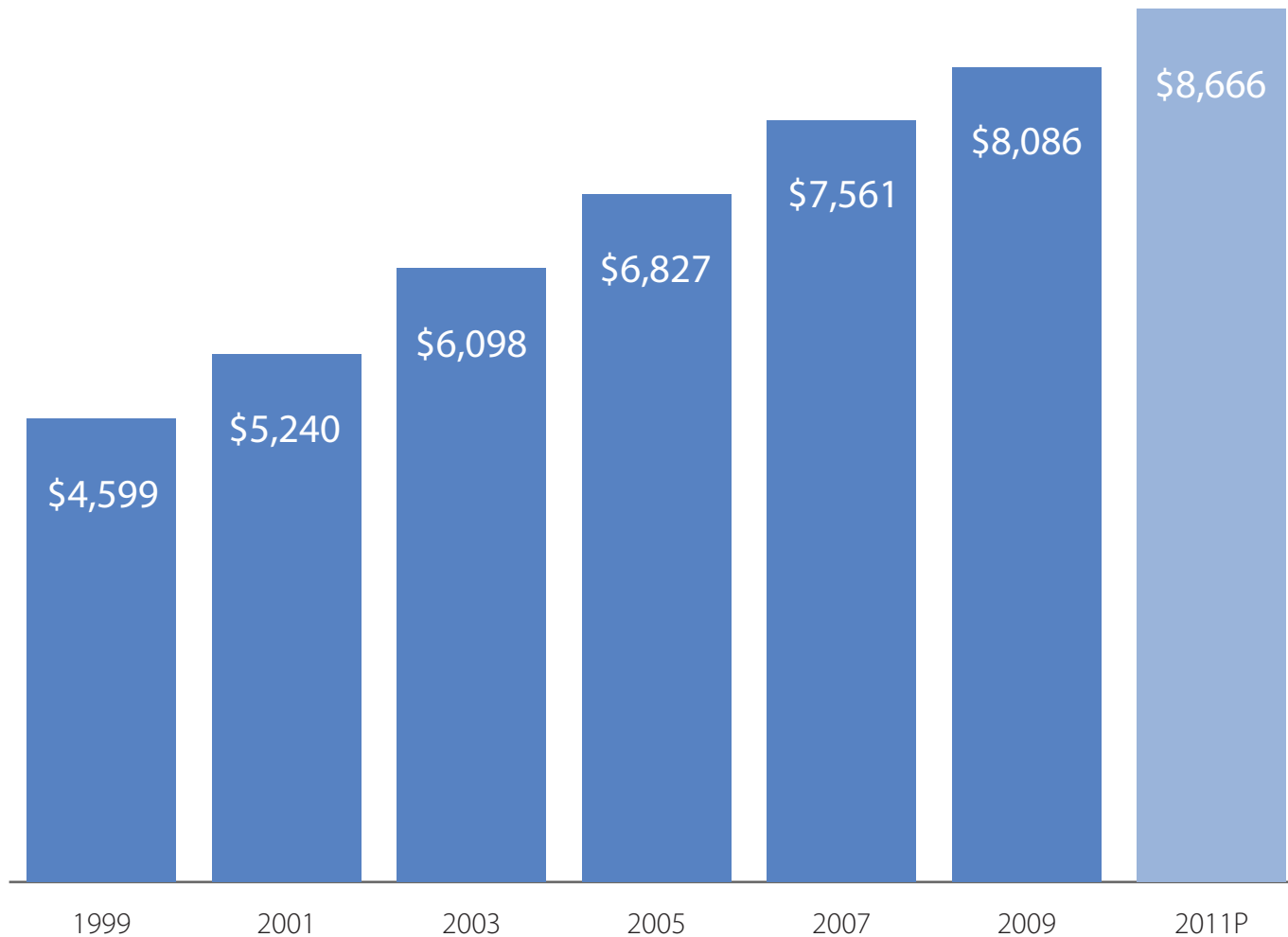
### Spending Levels

Health spending as a share of the economy increased a full percentage point in 2009 to 17.6.

\*Selected rather than continuous years of data shown prior to 2008. Years 2010 forward are CMS projections (September 2010 data release). 2009 reflects a 1.7 percent contraction in GDP, a 4.0 percent increase in health spending, and revisions to the national health expenditure accounts, which resulted in recognition of higher spending levels.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# National Health Spending Per Person, 1999–2011\*



## Health Care Costs 101

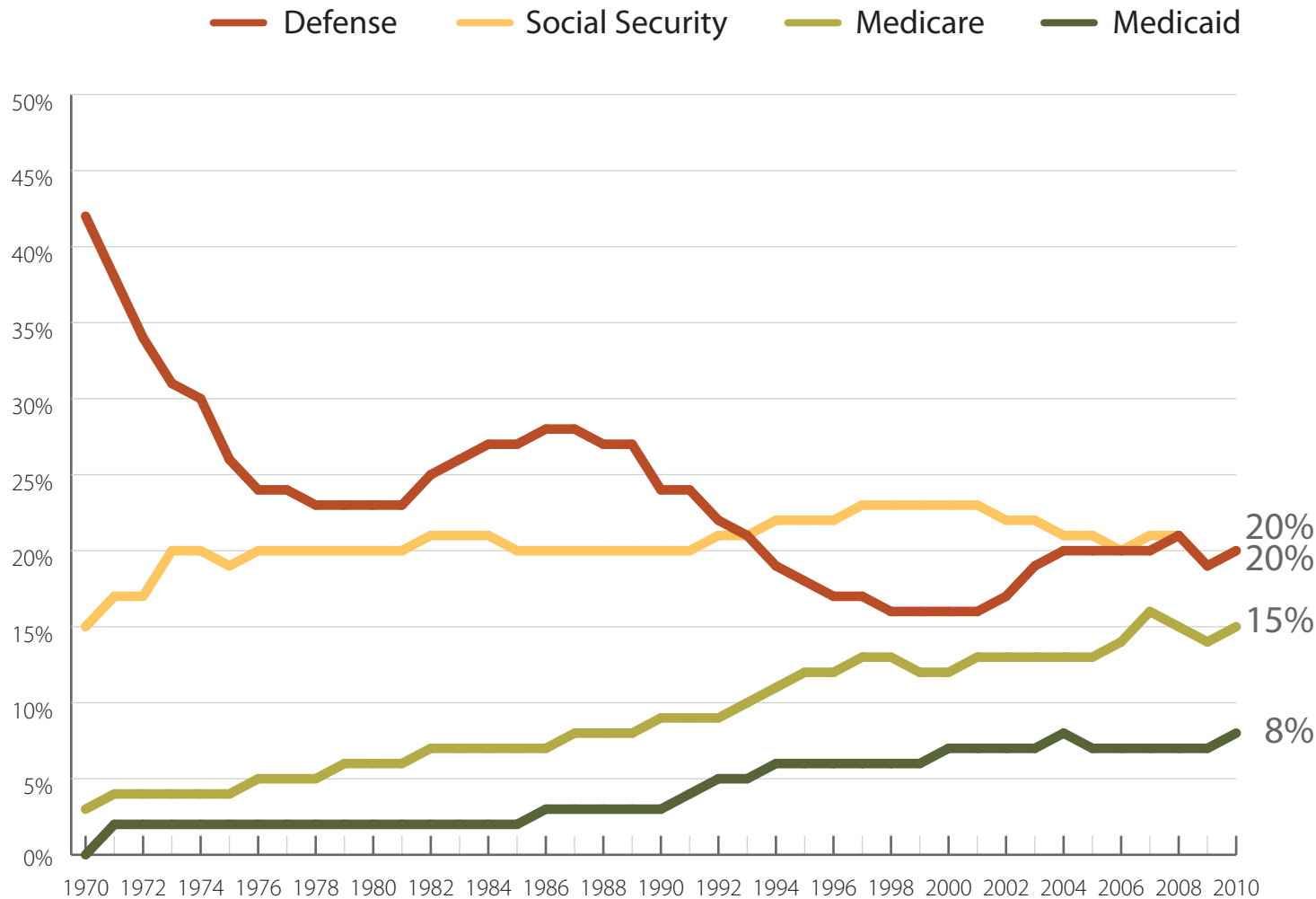
Spending Levels

The annual amount spent per person on health care increased 76 percent between 1999 and 2009.

\*Selected rather than continuous years of data shown. 2011 is a projection.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Major Programs as a Share of Total Federal Outlays, 1970–2010



Federal spending on Medicare and Medicaid consumed nearly a quarter of federal outlays in 2009.

Note: Spending shares computed as percent of federal outlays. All outlays reflect federal spending only (i.e., Medicaid outlays reflect the federal portion of Medicaid).

Source: Congressional Budget Office, *The Budget and Economic Outlook, Fiscal Years 2011 to 2021* (January 2011), [www.cbo.gov](http://www.cbo.gov).

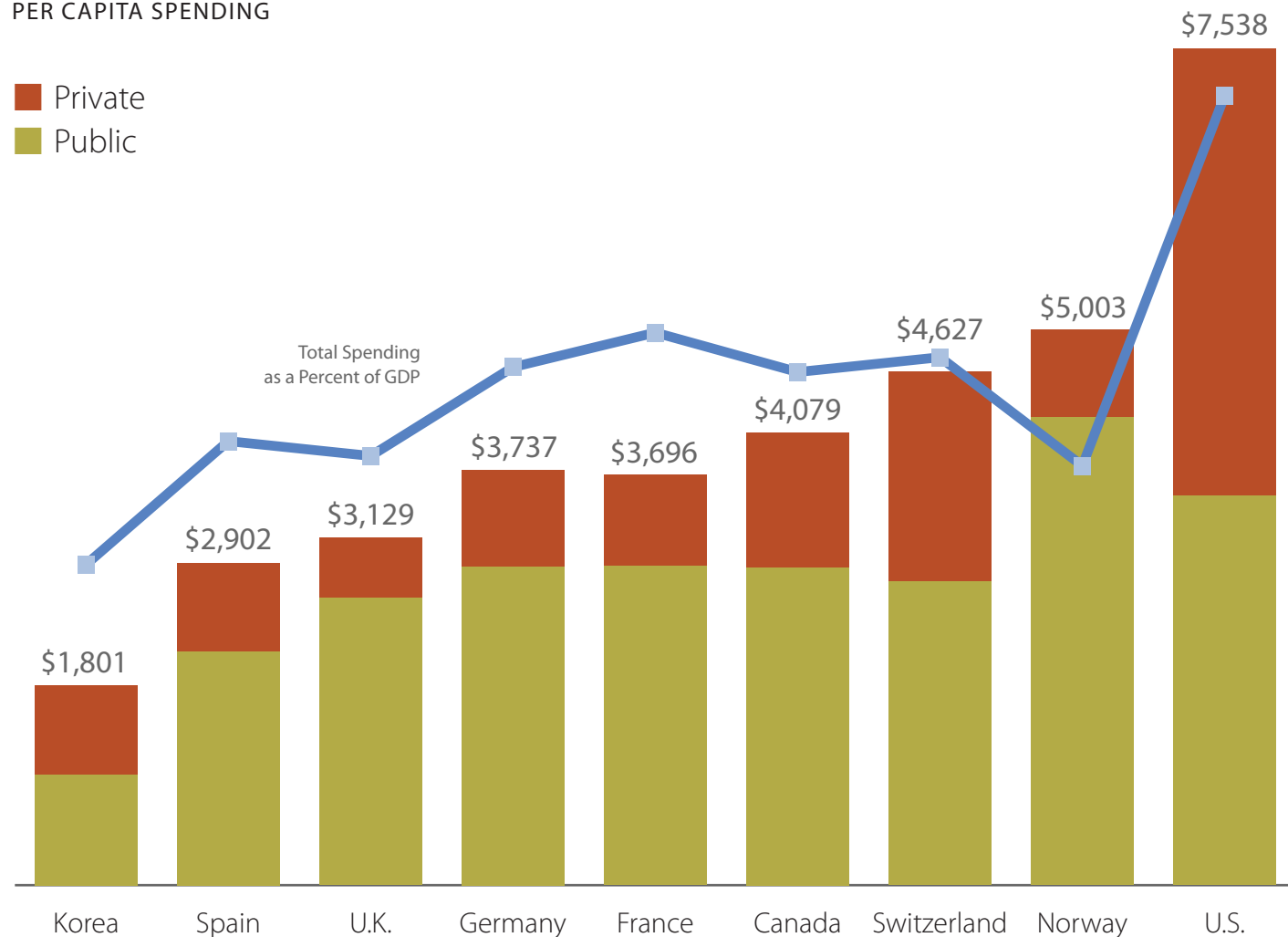
# Health Care Spending in Selected Developed Countries, 2008

## Health Care Costs 101

Spending Levels

### PER CAPITA SPENDING

- Private
- Public



### PERCENT OF GDP

6.5%	9.0%	8.7%	10.5%	11.2%	10.4%	10.7%	8.5%	16.0%
------	------	------	-------	-------	-------	-------	------	-------

Note: U.S. per capita as reported by OECD differs from CMS figures reported elsewhere in this report.

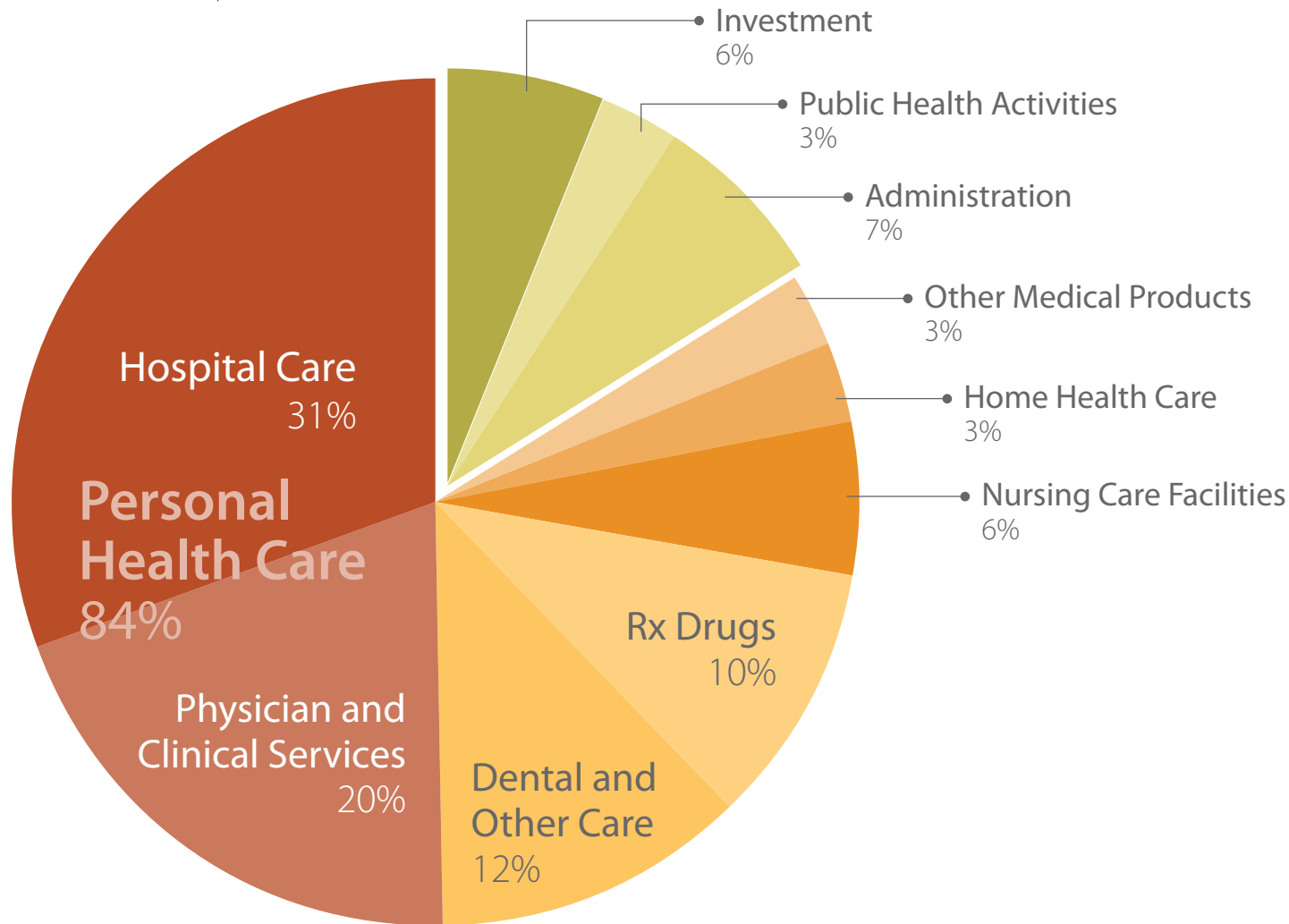
Source: Organization for Economic Co-Operation and Development, *OECD Health Data 2010*, October 2010, [www.irdes.fr](http://www.irdes.fr).

U.S. health spending far exceeds that of other developed countries, both in per capita spending and as a percent of GDP.

Unlike the United States, the public sector accounts for the majority of health spending in most developed countries.

# Spending Distribution, by Category, 2009

TOTAL SPENDING: \$2.5 TRILLION



Note: See the [Appendix](#) for details on category breakdowns. Figures may not add to 100 percent due to rounding.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

## Health Care Costs 101

Spending Categories

Hospital and physician services combined account for just over half of health care spending. Prescription drugs account for 10 percent.

# Spending Summary, by Category, Selected Years

	SPENDING LEVELS (in billions)			DISTRIBUTION			GROWTH
	1989	2008	2009	1989	2008	2009	2009/2008
National Health Expenditures	\$647	\$2,391	\$2,486	100%	100%	100%	4.0%
Hospital Care	\$226	\$722	\$759	35%	30%	31%	5.1%
Physician and Clinical Services	\$143	\$487	\$506	22%	20%	20%	4.0%
Dental and Other Care	\$66	\$279	\$292	10%	12%	12%	4.5%
Nursing Care Facilities	\$39	\$133	\$137	6%	6%	6%	3.1%
Home Health Care	\$10	\$62	\$68	2%	3%	3%	10.0%
Prescription Drugs	\$35	\$237	\$250	5%	10%	10%	5.3%
Other Medical Products	\$33	\$77	\$78	5%	3%	3%	0.8%
Administration	\$34	\$164	\$163	5%	7%	7%	-0.6%
Public Health Activities	\$18	\$73	\$77	3%	3%	3%	5.9%
Investment	\$44	\$157	\$156	7%	7%	6%	-0.6%

## Health Care Costs 101

### Spending Categories

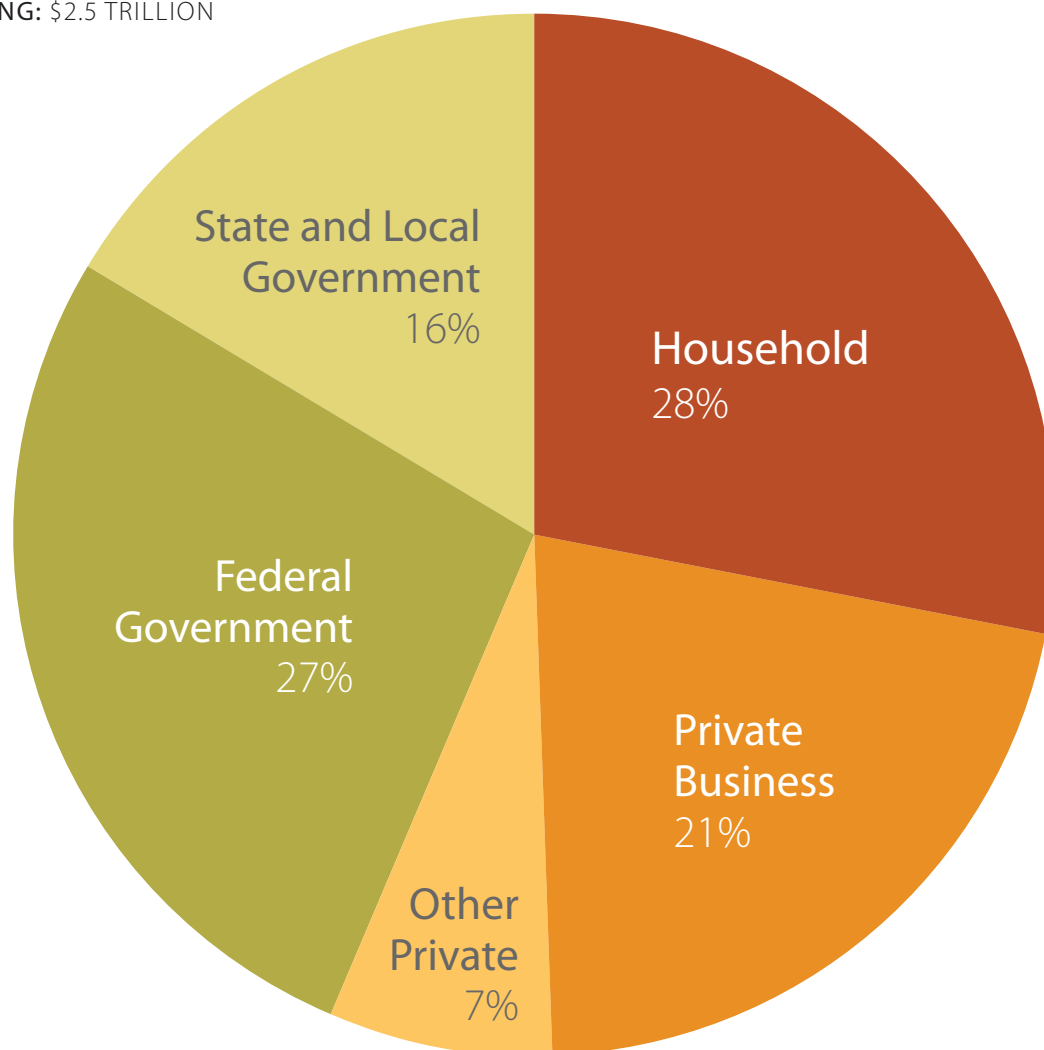
In the last 20 years, the share of health care dollars spent on hospital care has declined, while the share spent on prescription drugs has grown.

Note: Totals may not add due to rounding. See the [Appendix](#) for details on category breakdowns.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Spending Distribution, by Contributors,\* 2009

TOTAL SPENDING: \$2.5 TRILLION



\*Estimates of spending by contributor are organized according to the underlying entity (business, households, and government) financing the health care bill payer. CMS refers to these contributors as "sponsors." Figures may not add to 100 percent due to rounding.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

## Health Care Costs 101

### Contributors

Households, businesses, and government all contribute significantly to the financing of health care, with households and the federal government contributing the largest shares.

#### CONTRIBUTOR BREAKDOWN

**Household** contributions include out-of-pocket costs, health insurance premiums, and payroll taxes.

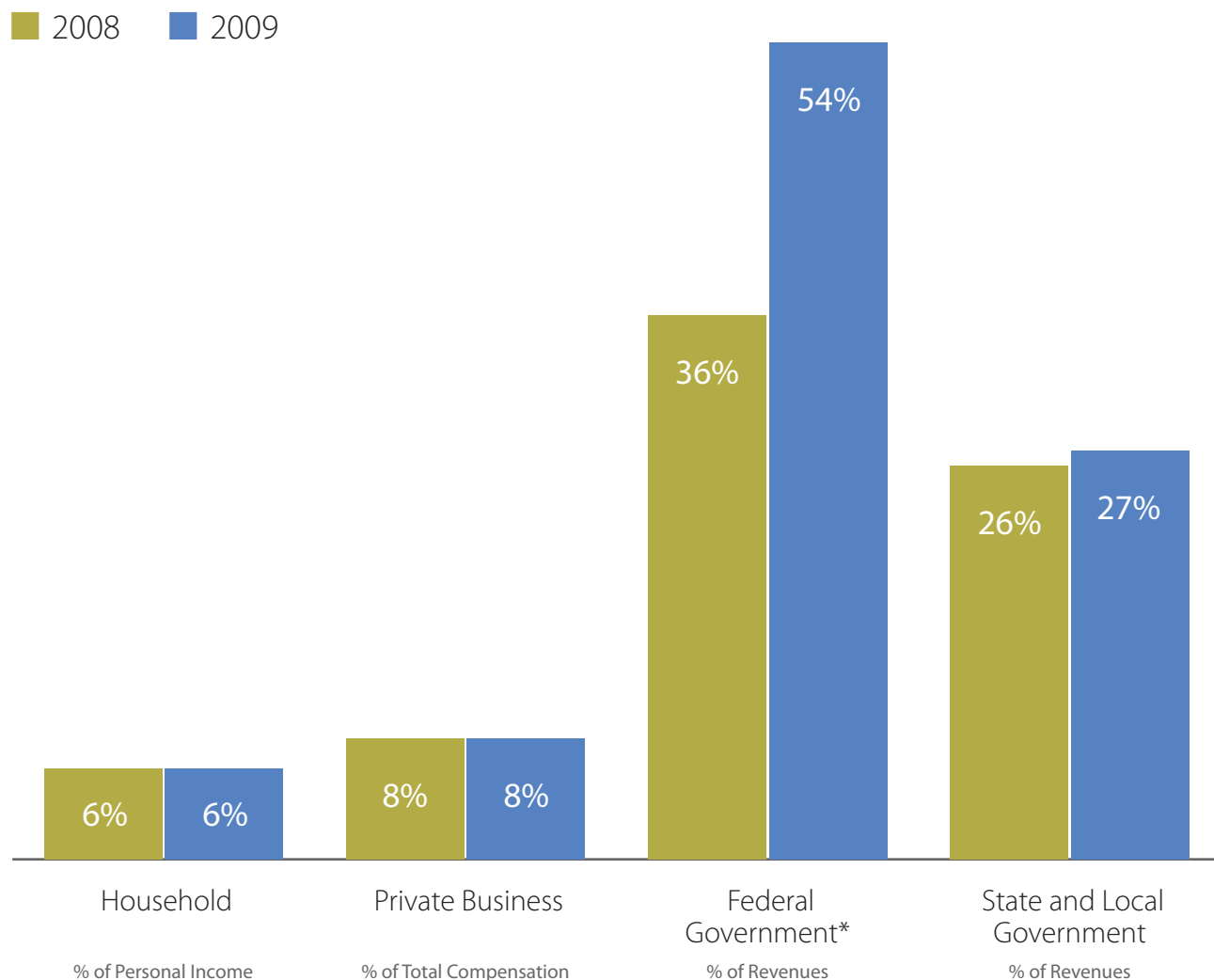
**Private business** contributions include health insurance premiums for workers and payroll taxes.

**Other private** contributions include philanthropy.

**Federal government** contributions include general tax revenues, plus payroll tax and private health insurance for its workers.

**State and local government** contributions include general tax revenues, plus payroll tax and private health insurance for its workers.

# Health Care's Share of Resources, 2008 vs. 2009



## Health Care Costs 101

### Contributors

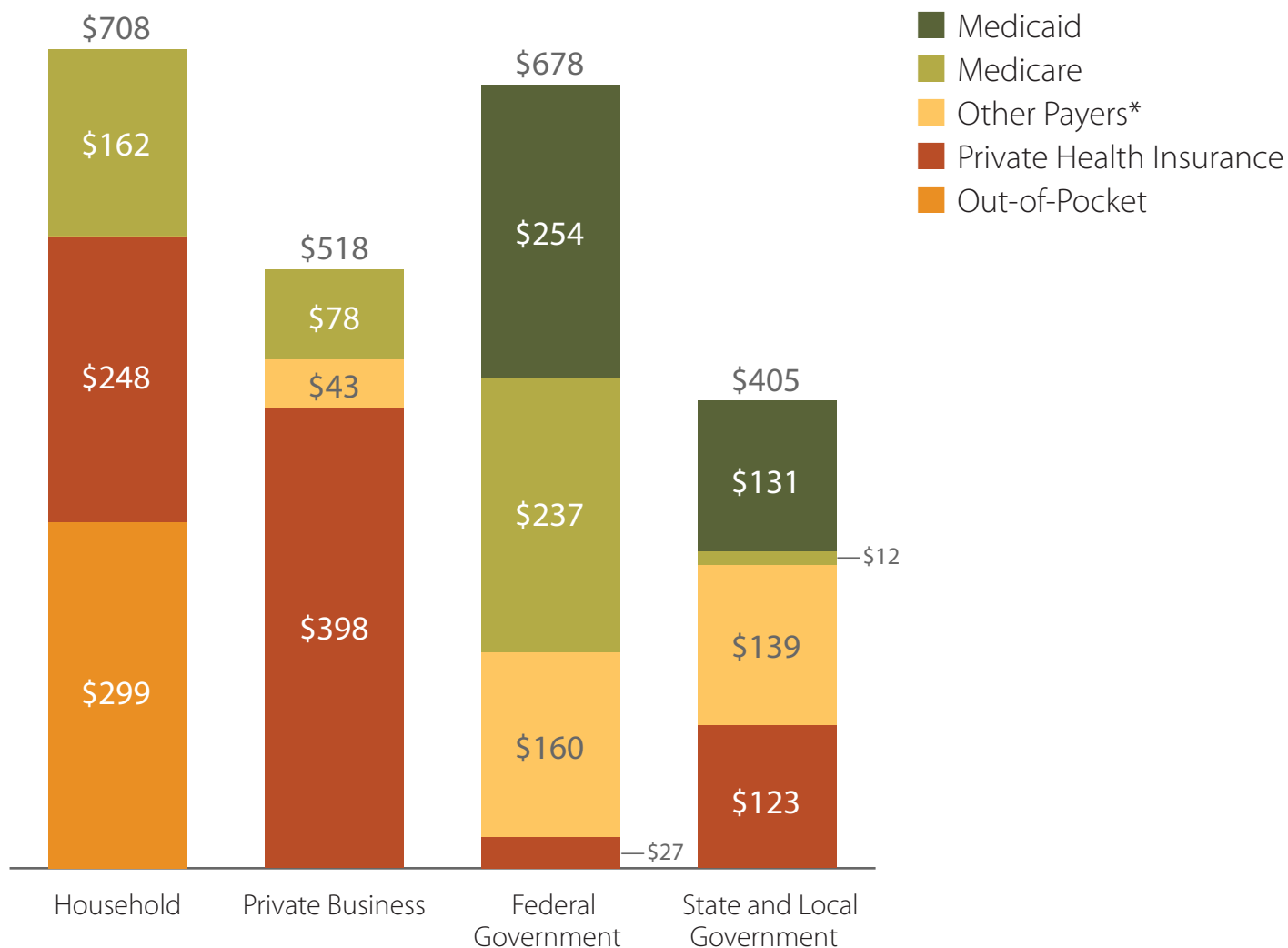
The federal government's contribution to health care jumped in 2009, reaching 54 percent of federal revenues.

\*Federal government revenues, the denominator reflected in the share computation, exclude contributions for government social insurance.

Note: Federal revenues (excluding contributions for social insurance) declined 18.2 percent in 2009, while federal spending for health care grew 17.9 percent. Health-related spending in the stimulus package included additional funds for Medicaid in 2009.

Sources: Anne Martin, David Lassman, Lekha Whittle, Aaron Catlin, and the National Health Expenditure Accounts Team. "Recession Contributes to Slowest Annual Rate of Increase in Health Spending in Five Decades," *Health Affairs* 30, No. 1 (2011): 11–22. Private business figures based on unpublished detail from the CMS National Health Accounts.

# Contributors to Health Care Spending, Detail in Billions, 2009



## Health Care Costs 101

### Contributors

Contributors to health care spending, such as private business and households, buy services directly, purchase private insurance, and fund public programs.

#### CONTRIBUTOR BREAKDOWN

**Medicaid** receives contributions from federal and state spending of general tax revenues.

**Medicare** receives contributions from three main sources: 1) payroll tax on earnings funds Part A (hospital insurance), 2) beneficiary premiums for Part B (supplemental medical insurance), and 3) federal general tax revenues. Households contribute both payroll tax and Part B premiums. From private business, as well as state and local government, Medicare receives the employer share of Medicare payroll tax. Receives federal government contributions of general tax revenue spending on Part B services plus payroll taxes for federal workers.

**Other Payers** receive contributions from private business for workers' compensation and temporary disability plus industrial in-plant health services. Receive federal and state and local government contributions toward specific health programs.

**Private Health Insurance** receives contributions from households paying a share of employer-sponsored coverage or premium payments for individual insurance. Receives contributions from private business and government, which consist of employer contributions to workers' health insurance.

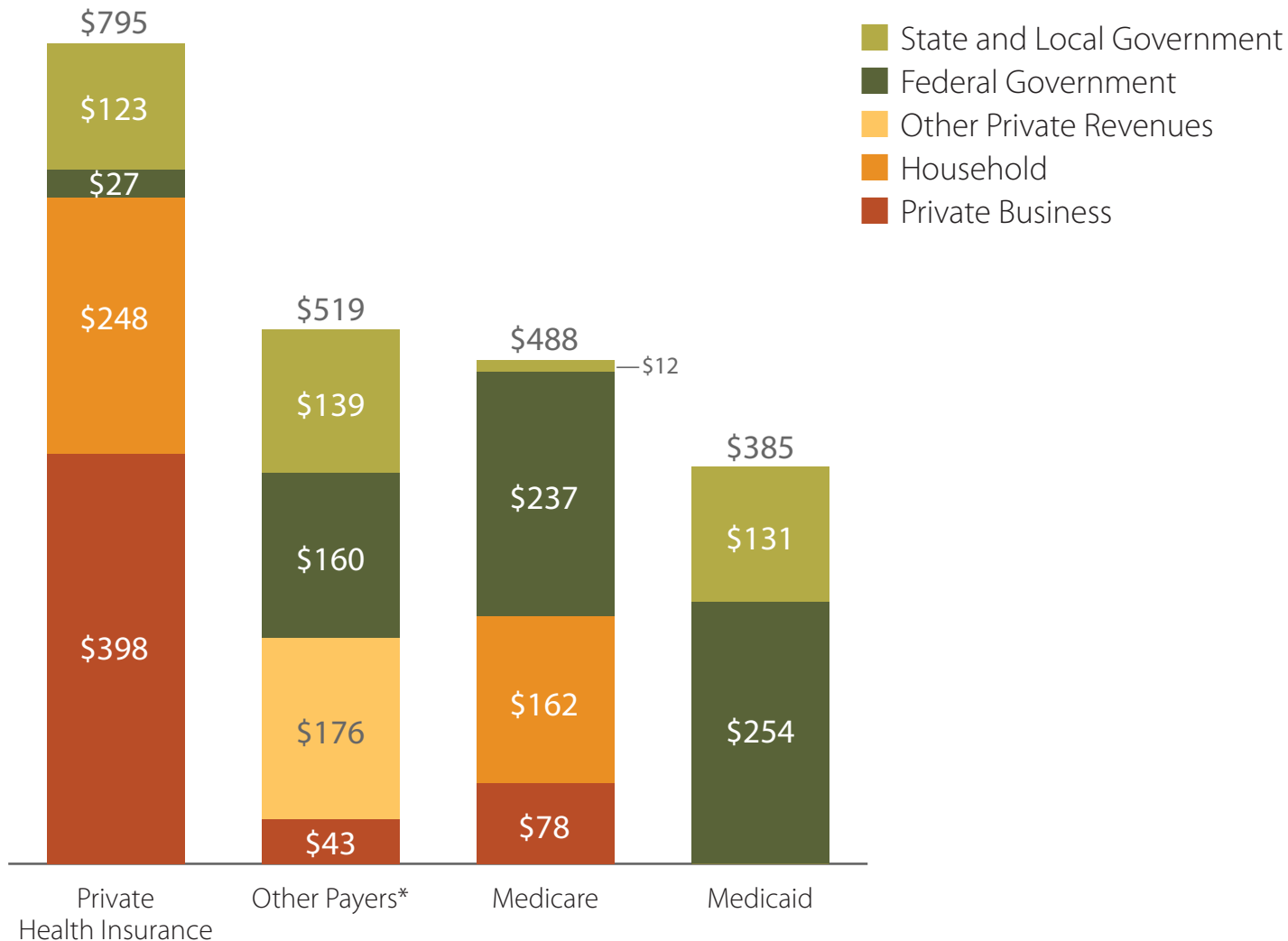
**Out-of-Pocket** spenders receive their contributions from households, paying for deductibles, copayments, and services not covered by insurance.

\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Children's Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and vocational rehabilitation.

Notes: Other private revenues (\$176.4 billion) are not shown. Segments may not sum to total due to rounding.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Health Care Payment Sources, by Contributor, in Billions, 2009



\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Children's Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and vocational rehabilitation.

Notes: Out-of-pocket payments (\$299.30 billion) are not shown. Segments may not sum to total due to rounding.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

## Health Care Costs 101

### Contributors

Health care payers, such as insurers and government programs, receive their funds from a variety of contributors. For example, private health insurance is paid for by contributions from workers, through household budgets, and from employers, both private and governmental.

#### CONTRIBUTOR BREAKDOWN

**State and local governments** contribute private insurance premiums on behalf of government workers; the employers' share of payroll taxes for Medicare; state tax revenues to finance a share of Medicaid; and state and local tax revenues for county health programs.

**Federal government** contributes private insurance premiums on behalf of government workers; general tax revenues to finance a share of Medicaid and Medicare; and support for other programs, such as Veterans and Defense health.

**Private business** contributes employers' share of private insurance premiums and payroll taxes for Medicare and contributes to government programs through Workers' Compensation and temporary disability insurance.

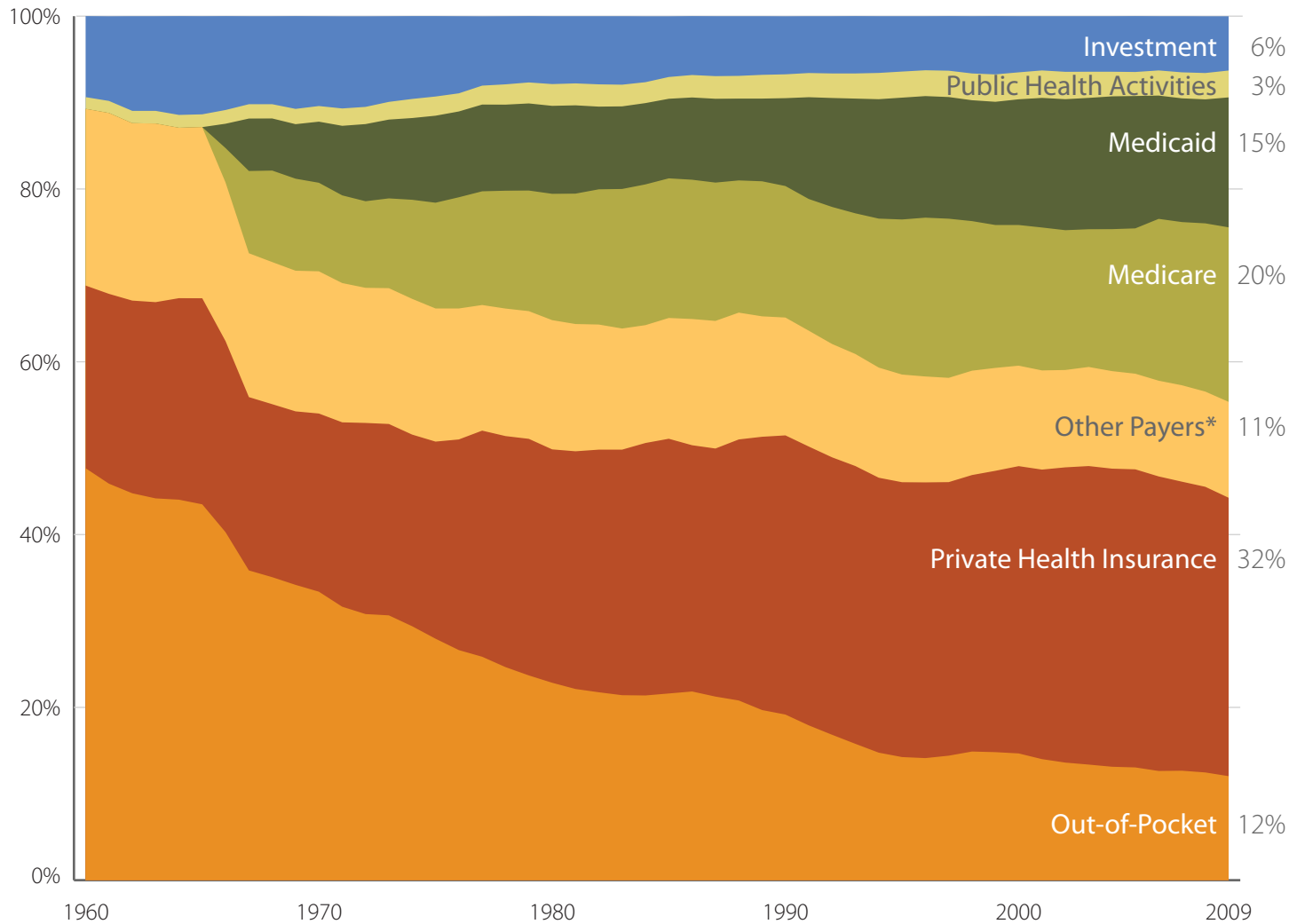
**Households** contribute to private health insurance through employees' share of private insurance premiums and purchase of individual policy premiums. Households contribute to Medicare via payroll taxes and Part B premiums.

# Historic Payment Sources, 1960–2009

## Health Care Costs 101

### Payment Sources

Over time, Medicare and Medicaid have assumed a greater share of health spending.



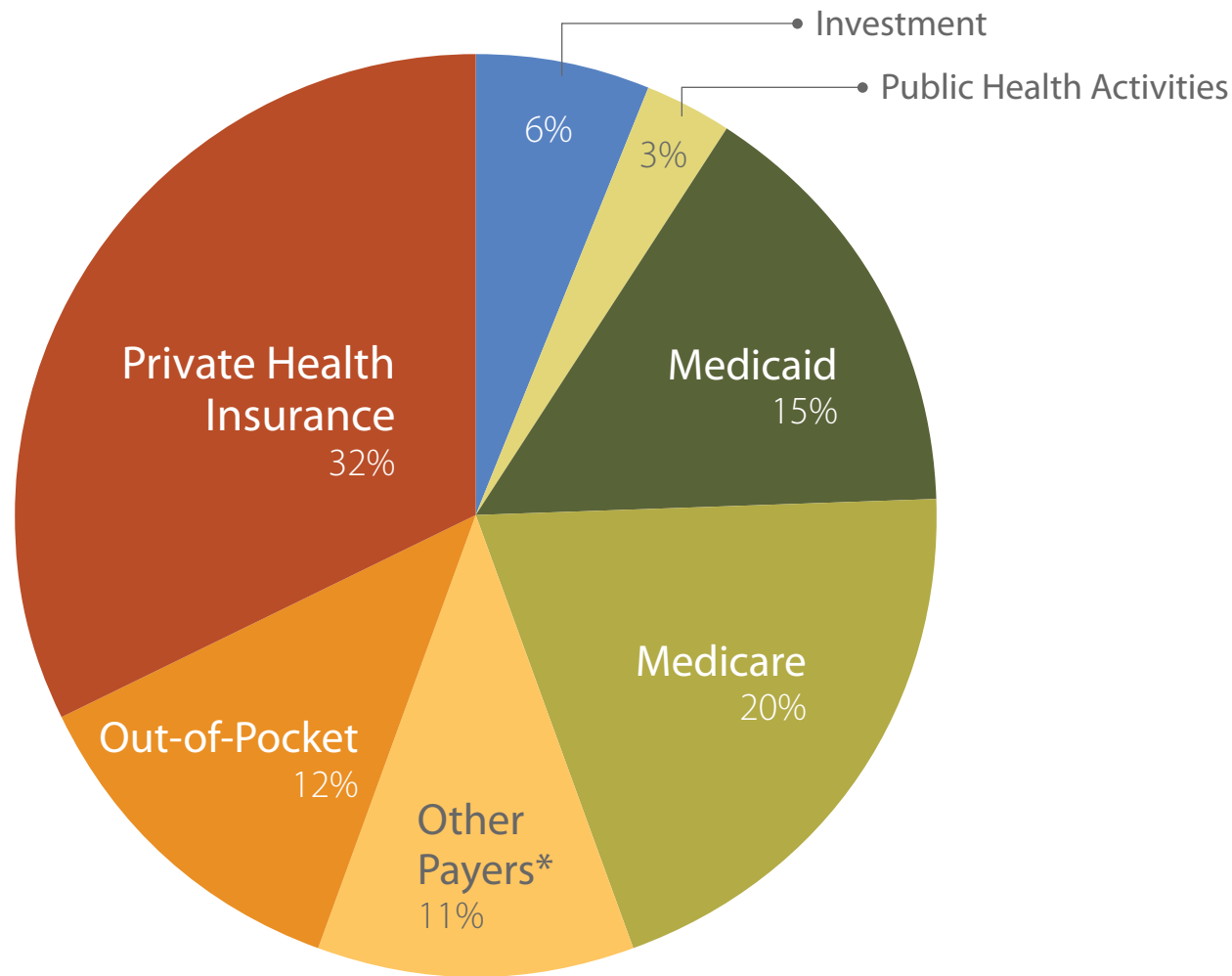
\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Children's Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and vocational rehabilitation.

Note: Chart reflects national health expenditures (NHE) by source of funds.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Spending Distribution, by Payer, 2009

TOTAL SPENDING: \$2.5 TRILLION



\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Childrens' Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and vocational rehabilitation.

Note: Figures may not add to 100 percent due to rounding.

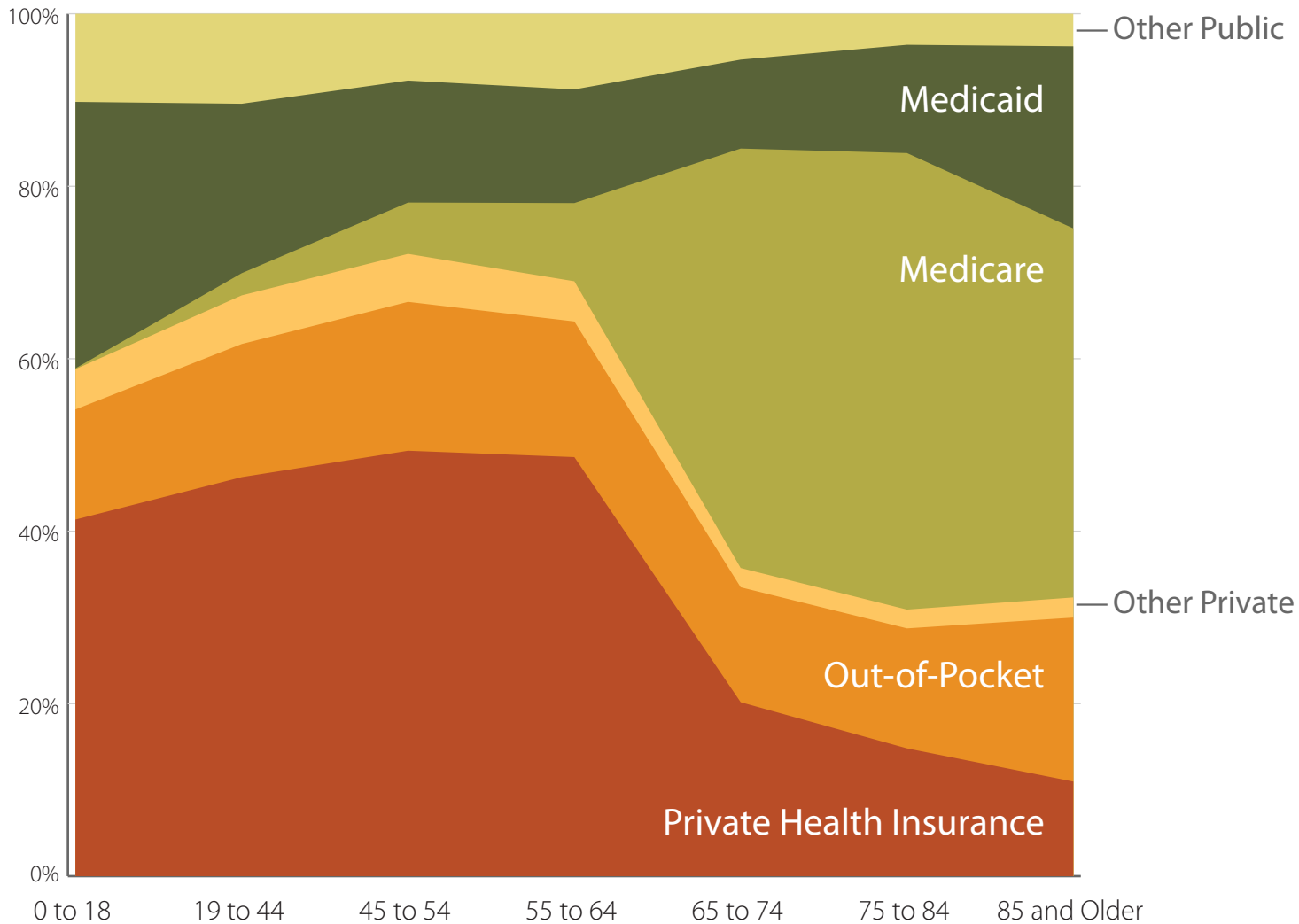
Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

## Health Care Costs 101

Payment Sources

Private insurance pays for nearly a third of health care, public insurance pays for slightly more than a third, and the remainder is paid through a mix of consumer out-of-pocket spending and third-party programs.

# Distribution of Payers, by Age Group\*



## Health Care Costs 101

Payment Sources

Public spending is greatest for children and the elderly. Despite near-universal Medicare coverage for the elderly, private dollars account for nearly 40 percent of health spending for those 65 and older.

\*Reflects 2004 Personal Health Care figures, the most current CMS spending data by age.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Health Care Service Categories, by Payer, 2009

■ Out-of-Pocket 
 ■ Private Health Insurance 
 ■ Other Payers\* 
 ■ Medicare 
 ■ Medicaid

## Hospital Care



## Physician and Clinical Services



## Prescription Drugs



## Nursing Care Facilities



## Home Health Care



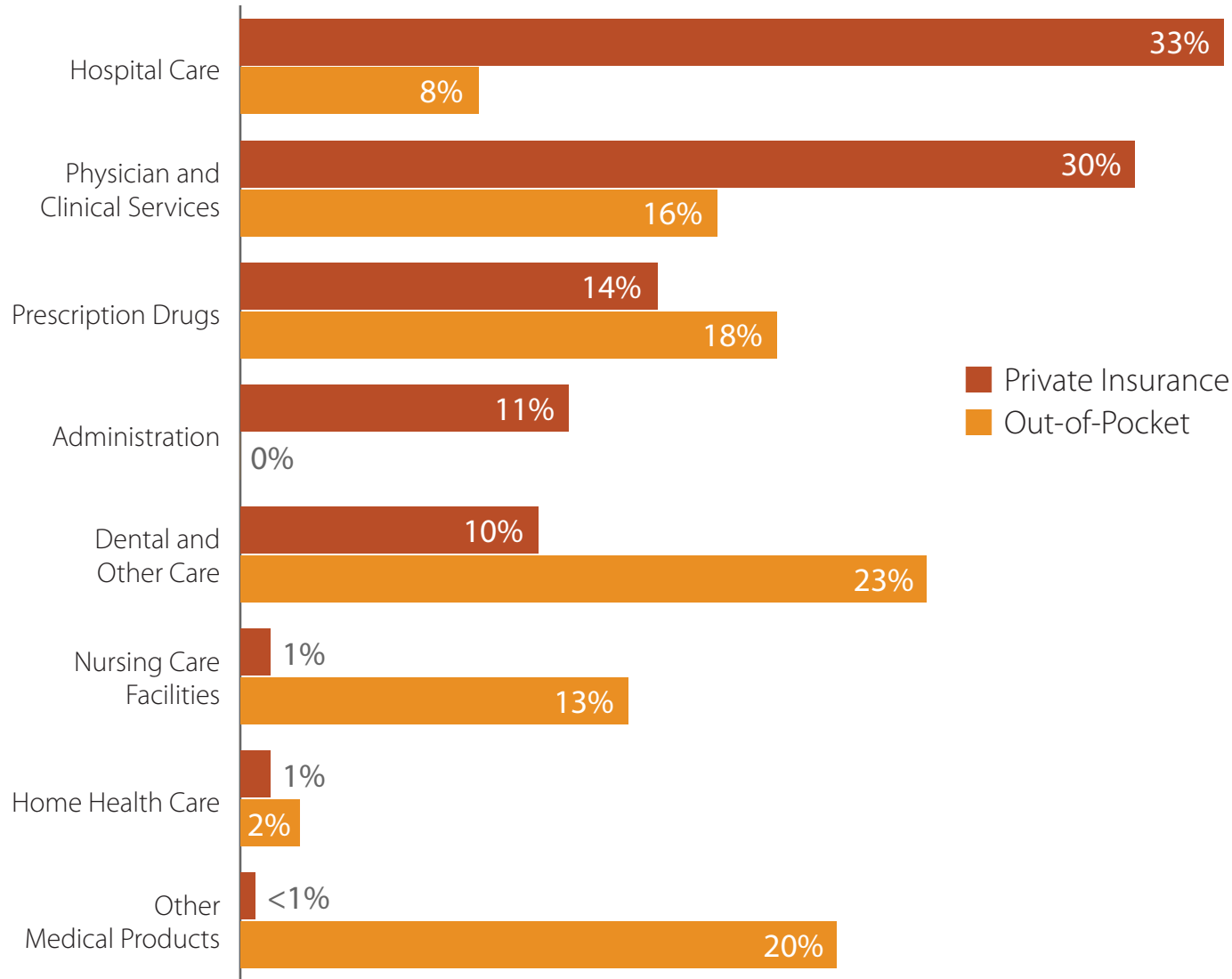
The mix of payers for each service category differs. Private insurance pays for almost half of physician services. Consumers and Medicaid pay for substantial shares of nursing facility care.

\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Childrens' Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and vocational rehabilitation.

Notes: Categories may not sum to 100 percent due to rounding. Categories not shown: Dental and Other Care, Other Medical Products, Administration, Public Health Activities, Investment.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Spending Distribution, Private Insurance vs. Out-of-Pocket, 2009



## Health Care Costs 101

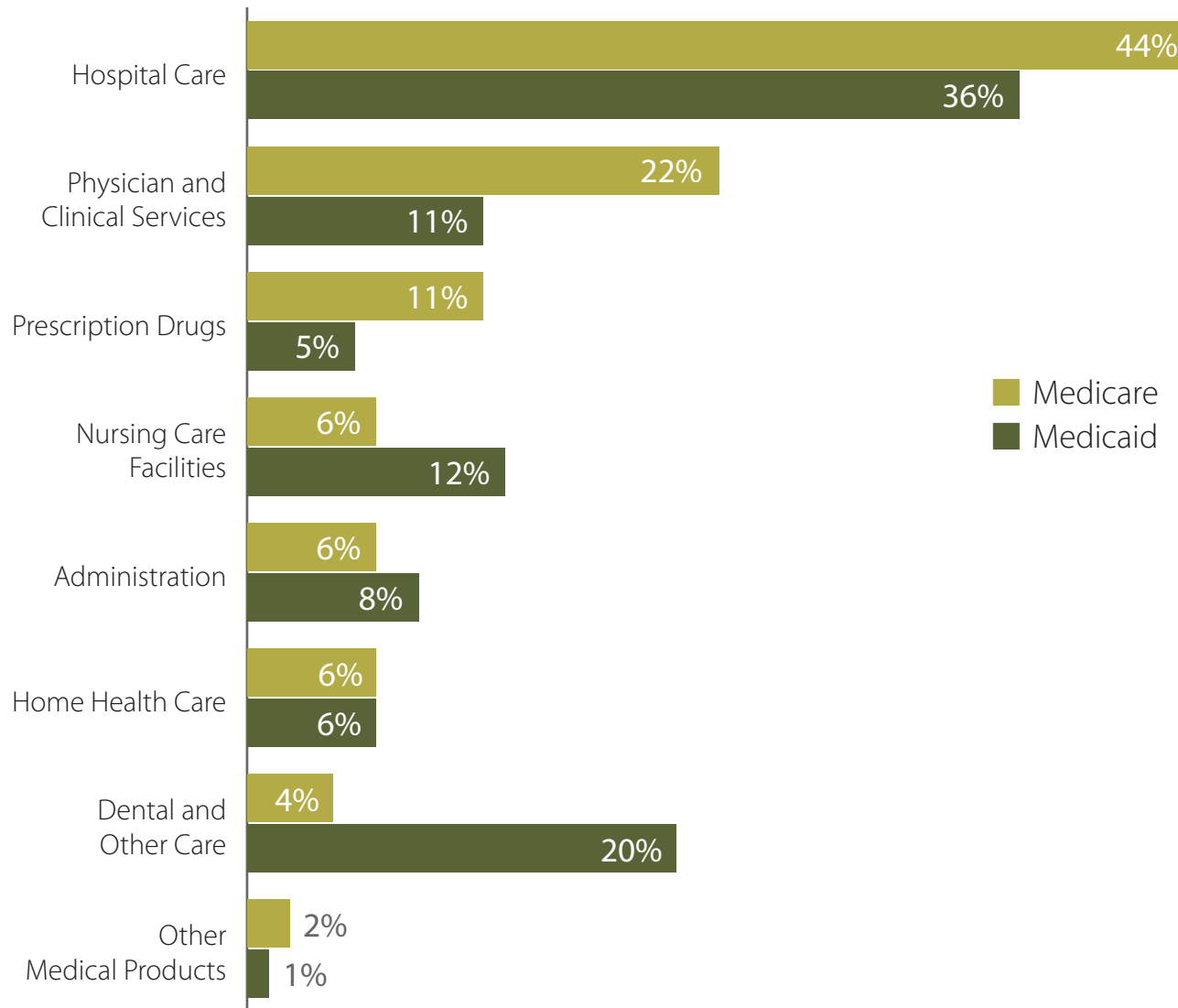
### Payment Sources

Private insurance spending is concentrated in hospital and physician services, which account for 33 and 30 percent of spending, respectively. Consumers' out-of-pocket spending, by contrast, is concentrated in dental and other care spending, medical products, and prescription drugs.

Notes: Out-of-pocket spending includes copays, deductibles, and care not covered by insurance; it does not include premiums. See the [Appendix](#) for details on category breakdowns.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Spending Distribution, Medicare vs. Medicaid, 2009



Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

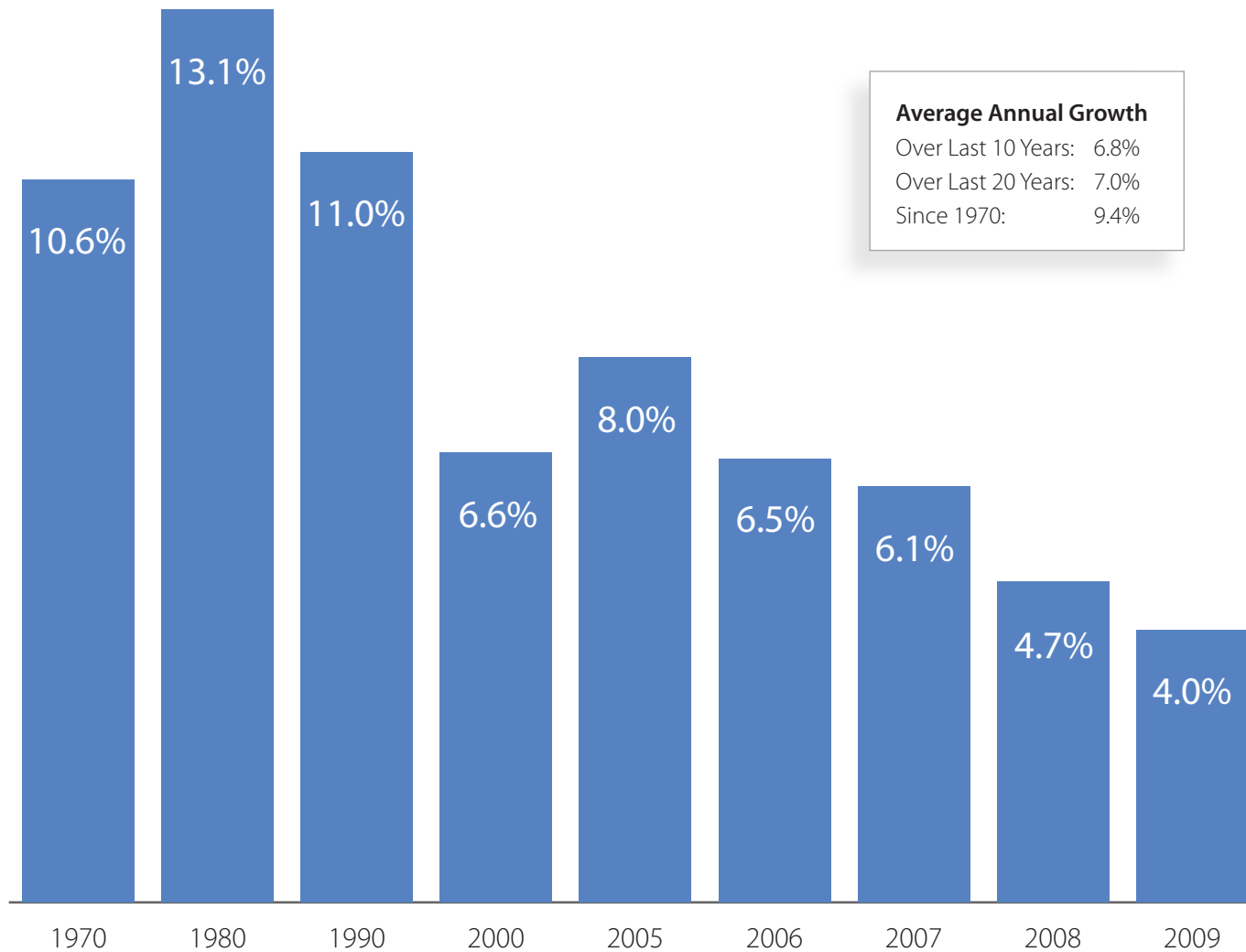
## Health Care Costs 101

Payment Sources

Both Medicare and Medicaid spend the largest portion of their dollar on hospital care, while the priorities for the remaining dollars differ. Medicaid spends less of its funds — some 11 percent — on physician services, compared to Medicare’s 22 percent. In contrast, Medicaid spends a larger share of its dollar on nursing care facilities (12 percent) than Medicare (6 percent).

# Average Annual Growth Rates in National Health Spending, 1970–2009\*

PERCENT INCREASE OVER PRIOR PERIOD

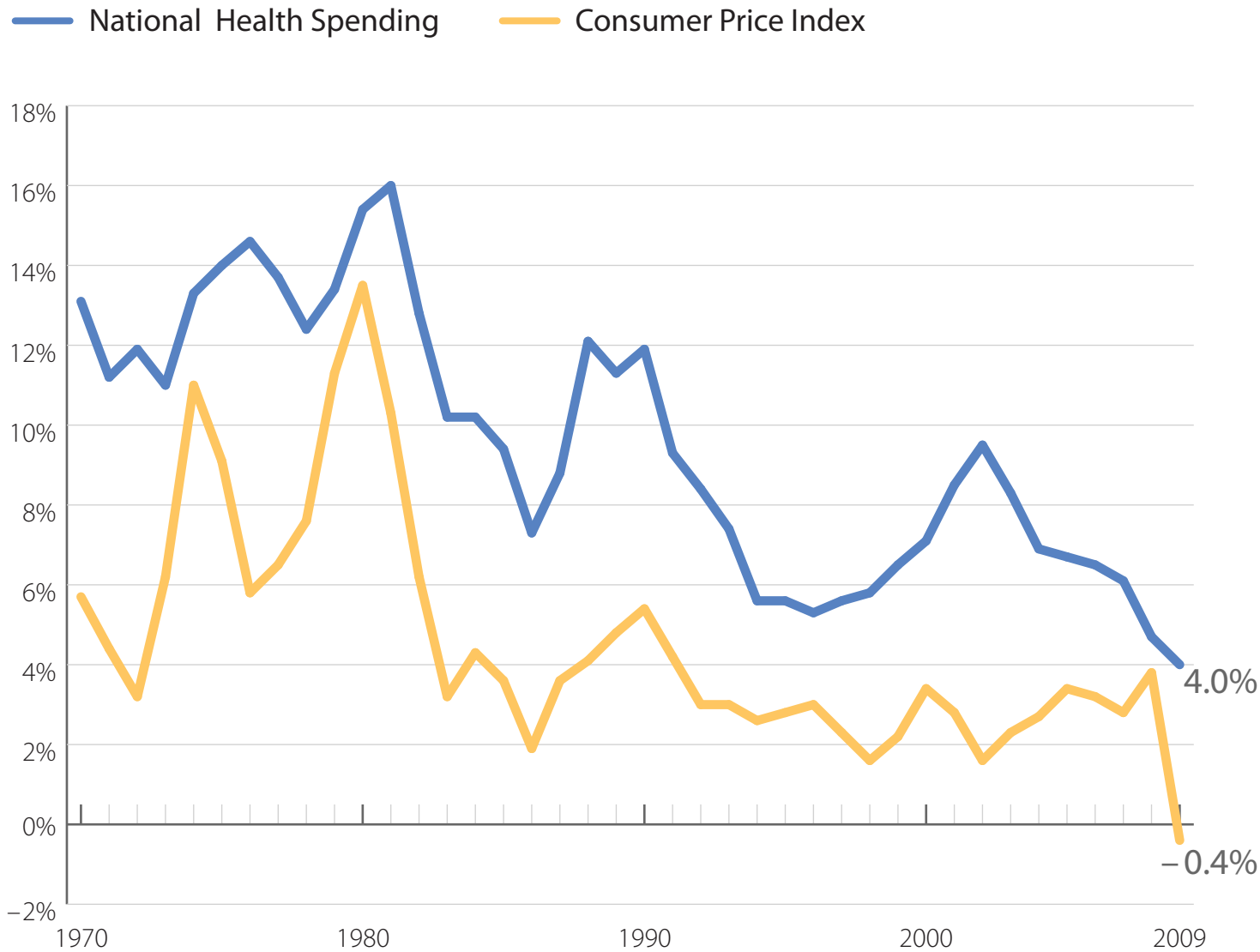


Growth in health spending slowed to 4 percent, its lowest rate on record, as the country weathered its second year of recession.

\*Selected rather than continuous years of data shown prior to 2005. The 1970 figure represents the average annual increase since 1960.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Annual Growth Rates, Spending vs. Inflation, 1970–2009

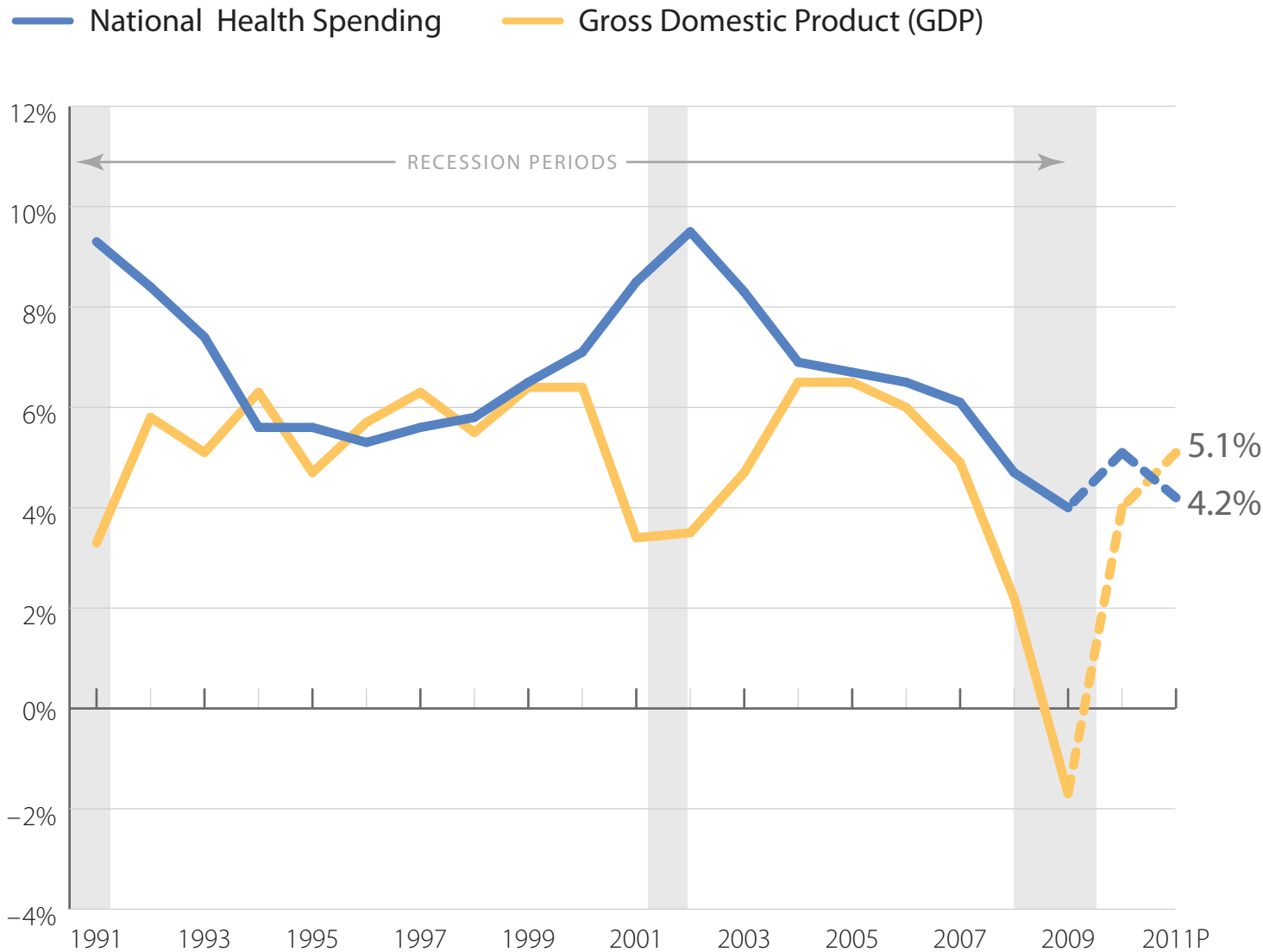


Despite reaching historically low levels of growth, health spending again outpaced overall consumer prices.

Note: The recent economic recession spanned the period from December 2007 to June 2009.

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary; Bureau of Labor Statistics (CPI-U, U.S. city average, annual figures).

# Annual Growth Rates, Spending vs. the Economy, 1991–2011\*

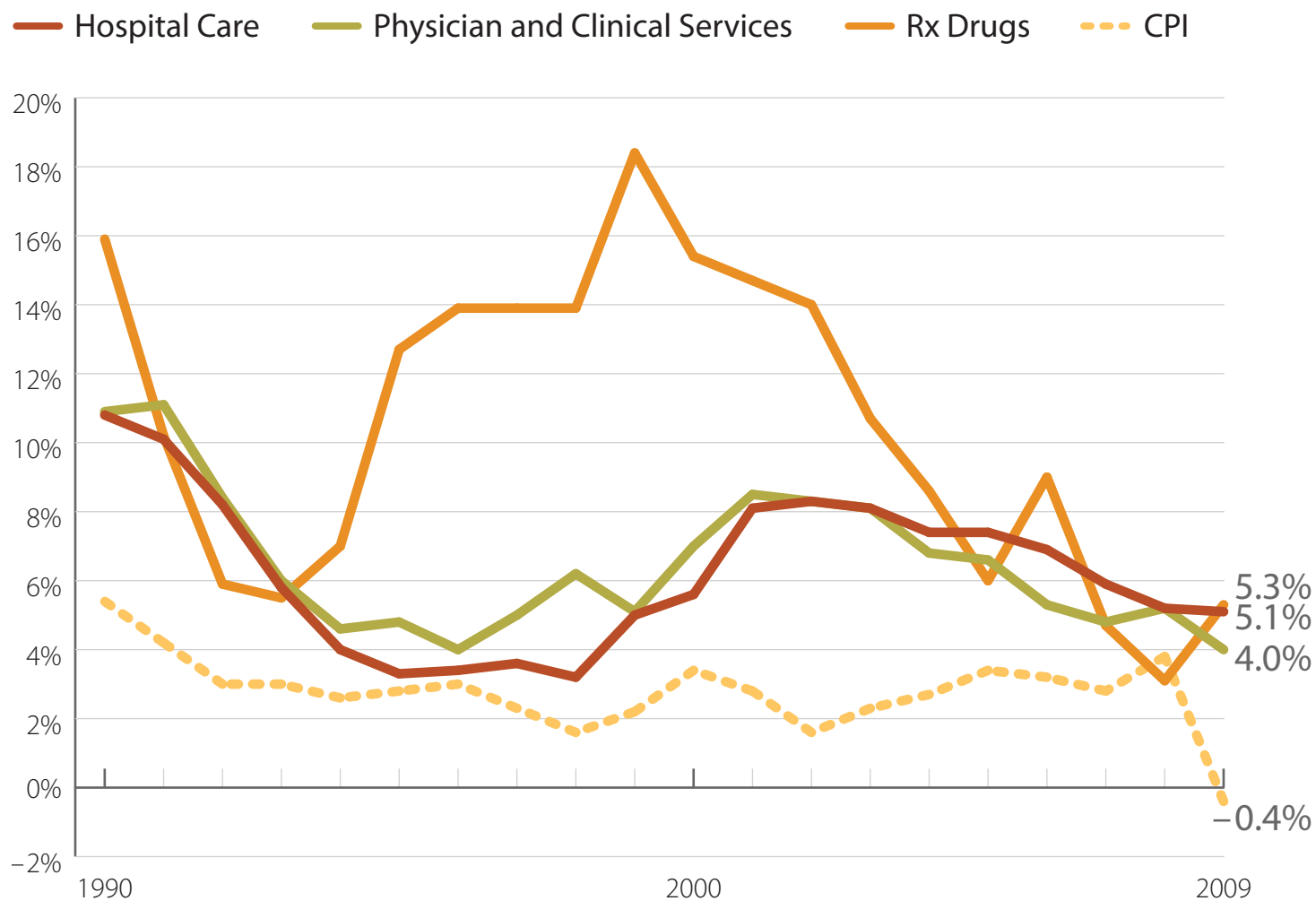


Although health spending advanced at a record low pace, the gap between health spending and the economy widened as the economy contracted.

\*Health spending for 2010 forward reflect CMS projections (released September 2010) and associated GDP assumptions.

Source: Center for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Annual Growth Rates, Selected Spending Categories, 1989–2009

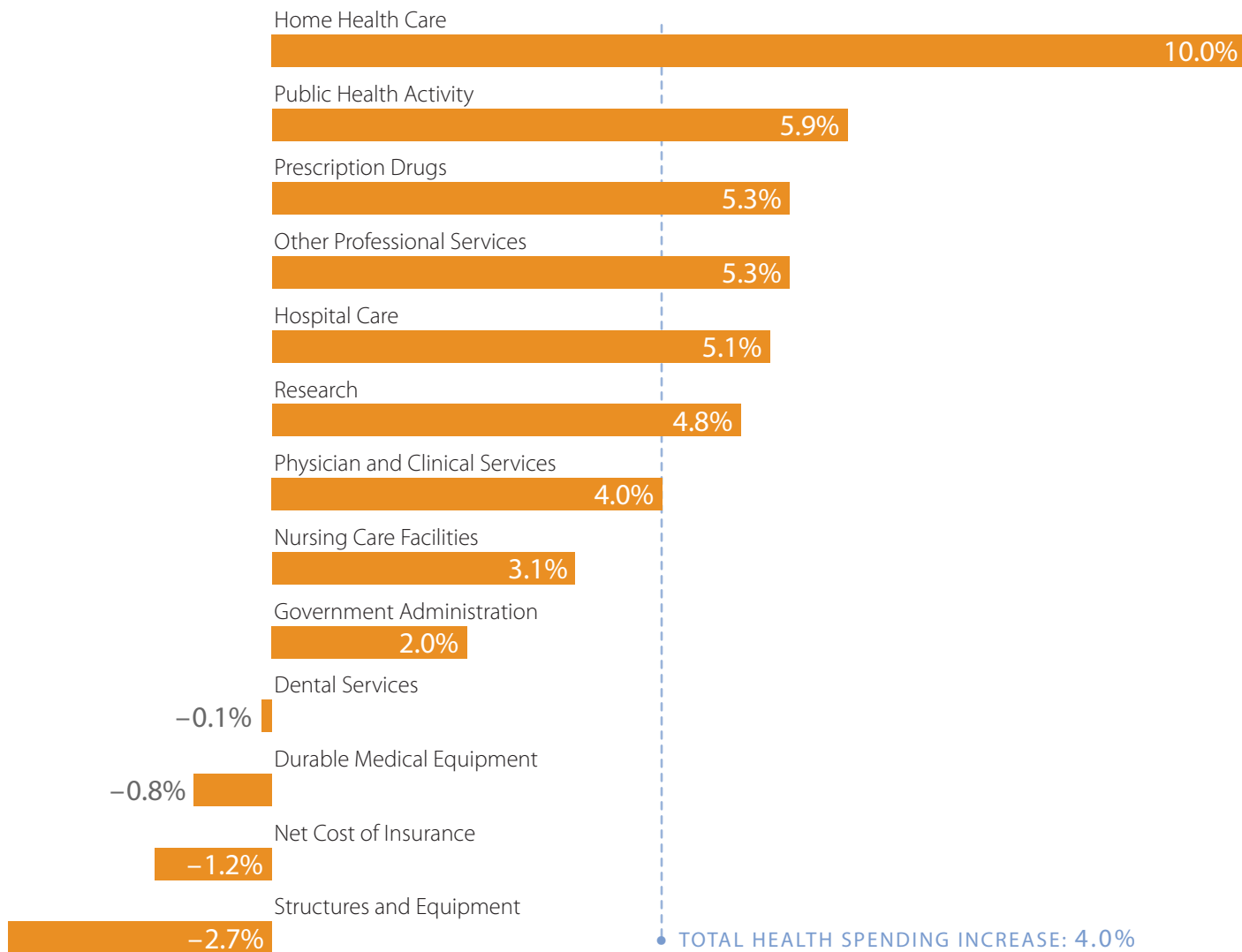


Spending growth in major categories remained at approximately 5 percent. Growth in prescription drug spending accelerated for the first time since 2006.

Note: CPI is Consumer Price Index.

Sources: Center for Medicare and Medicaid Services (CMS), Office of the Actuary; Bureau of Labor Statistics (CPI-U, U.S. city average, annual figures).

# Annual Change in Spending Levels, by Category, 2009

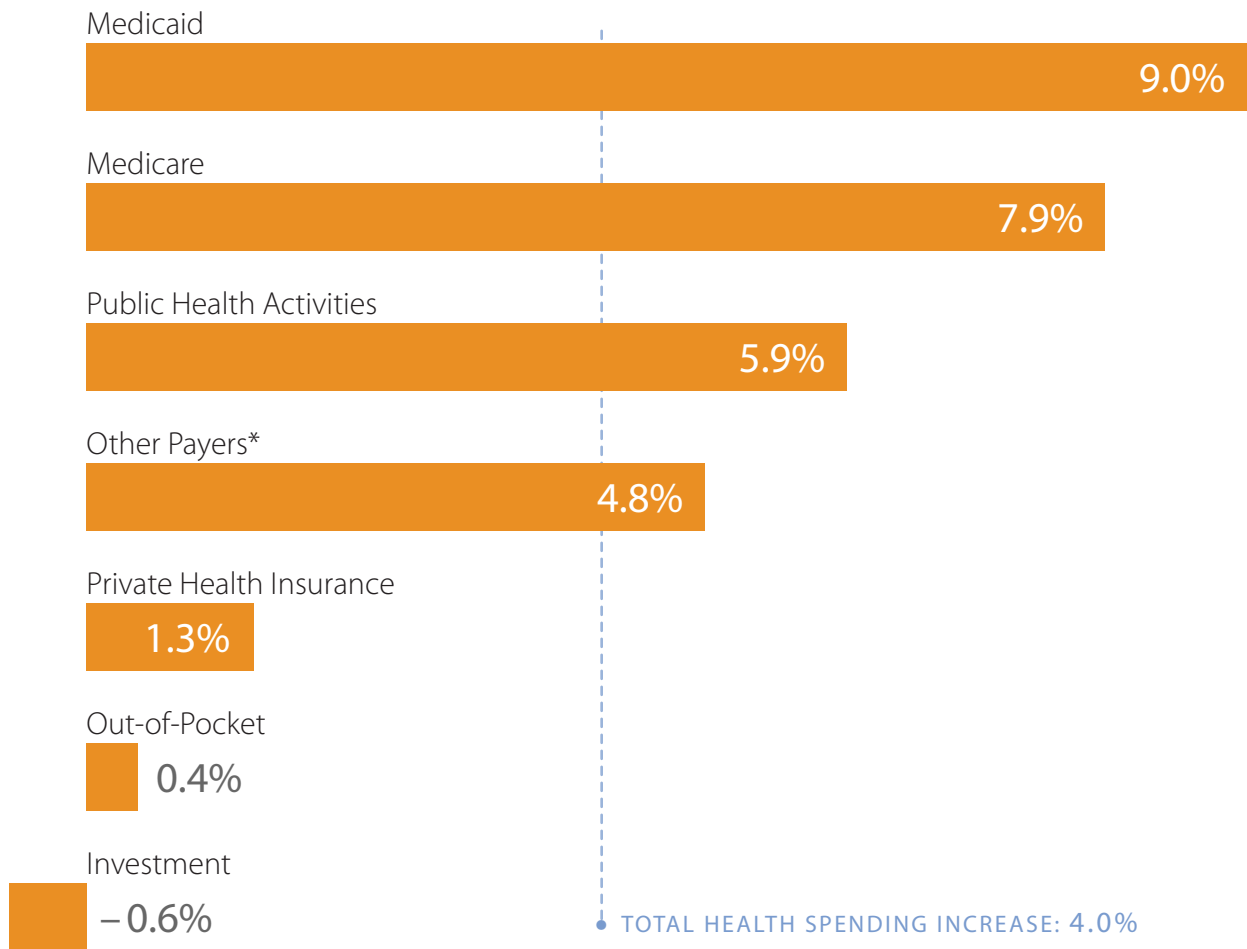


Some categories of spending experienced decreases over 2008 levels, especially those that could be deferred, for example, durable medical equipment and structures and equipment. The net cost of private health insurance, which includes administrative costs and profits, also declined, a result at least partially influenced by enrollment declines.

Notes: Other Health, Residential, and Personal Care (8.3 percent) and Non-durable Medical Products (2.2 percent) are not shown. Government Administration is the cost of administering government health programs such as Medicare and Medicaid. Net Cost of Insurance refers to the difference between premiums and benefits and includes administrative costs, premium taxes, and profits. See the [Appendix](#) for details on category breakdowns. Year-to-year decreases in spending are rare. Over the past decade, there were four years in which none of the categories shown saw any spending declines.

Source: Center for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Annual Change in Spending Levels, by Payer, 2009



## Health Care Costs 101

Growth Trends

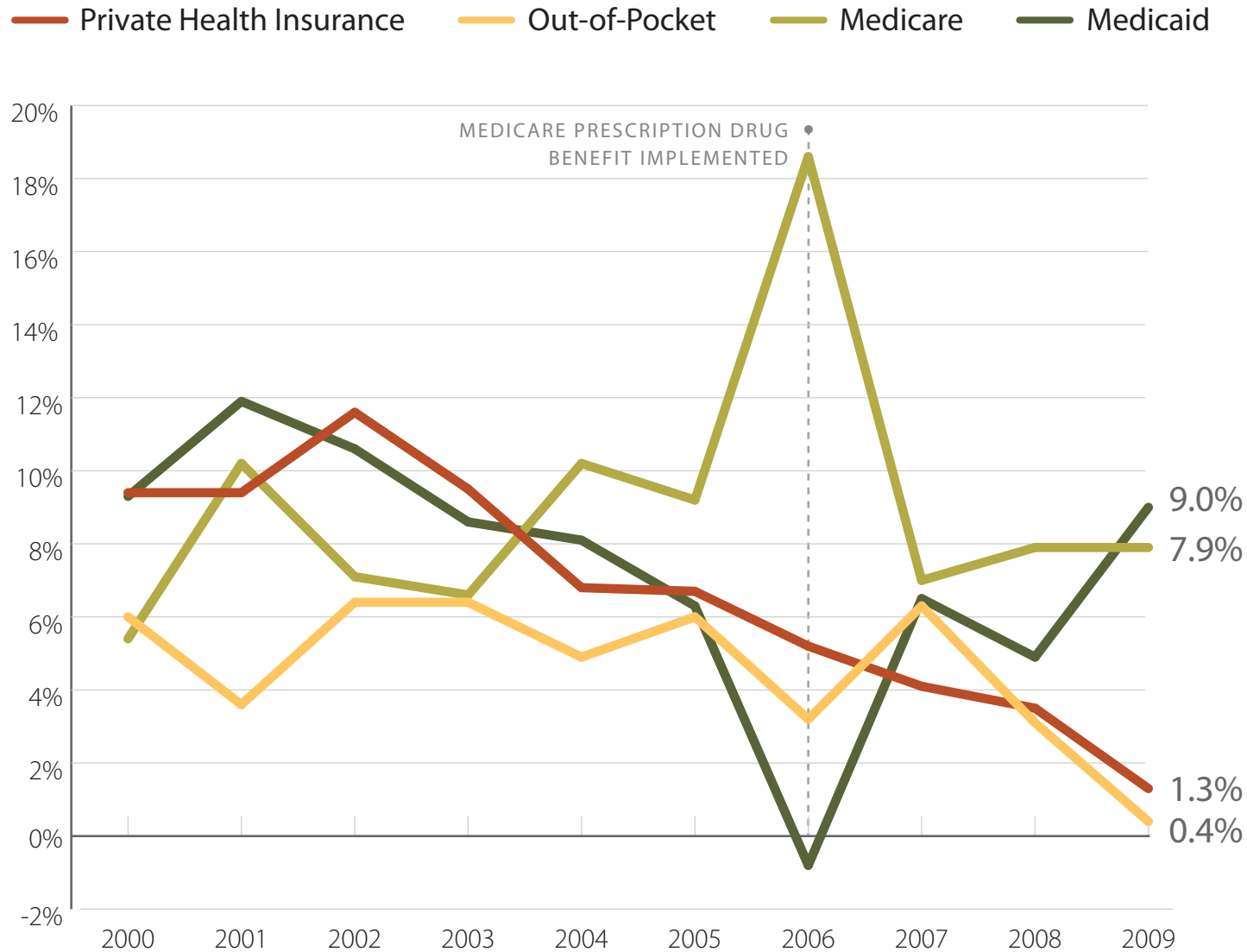
Health spending out-of-pocket and by consumers and private insurers grew slowly in 2009, contributing to 2009's historically low increase in health spending. Medicare and Medicaid spending grew more quickly.

\*Includes Departments of Defense and Veterans' Affairs health care, as well as the Children's Health Insurance Program (CHIP), worksite health care, Indian Health Service, workers' compensation, maternal and child health, and rehabilitation.

Note: CMS reports private health insurance enrollment declined 3.2 percent (6.3 million enrollees) in 2009, while Medicaid enrollment rose 3.5 million. The America Recovery and Reinvestment Act (ARRA), increased federal funds for Medicaid.

Source: Center for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Annual Growth Rates, by Payer, 2000–2009



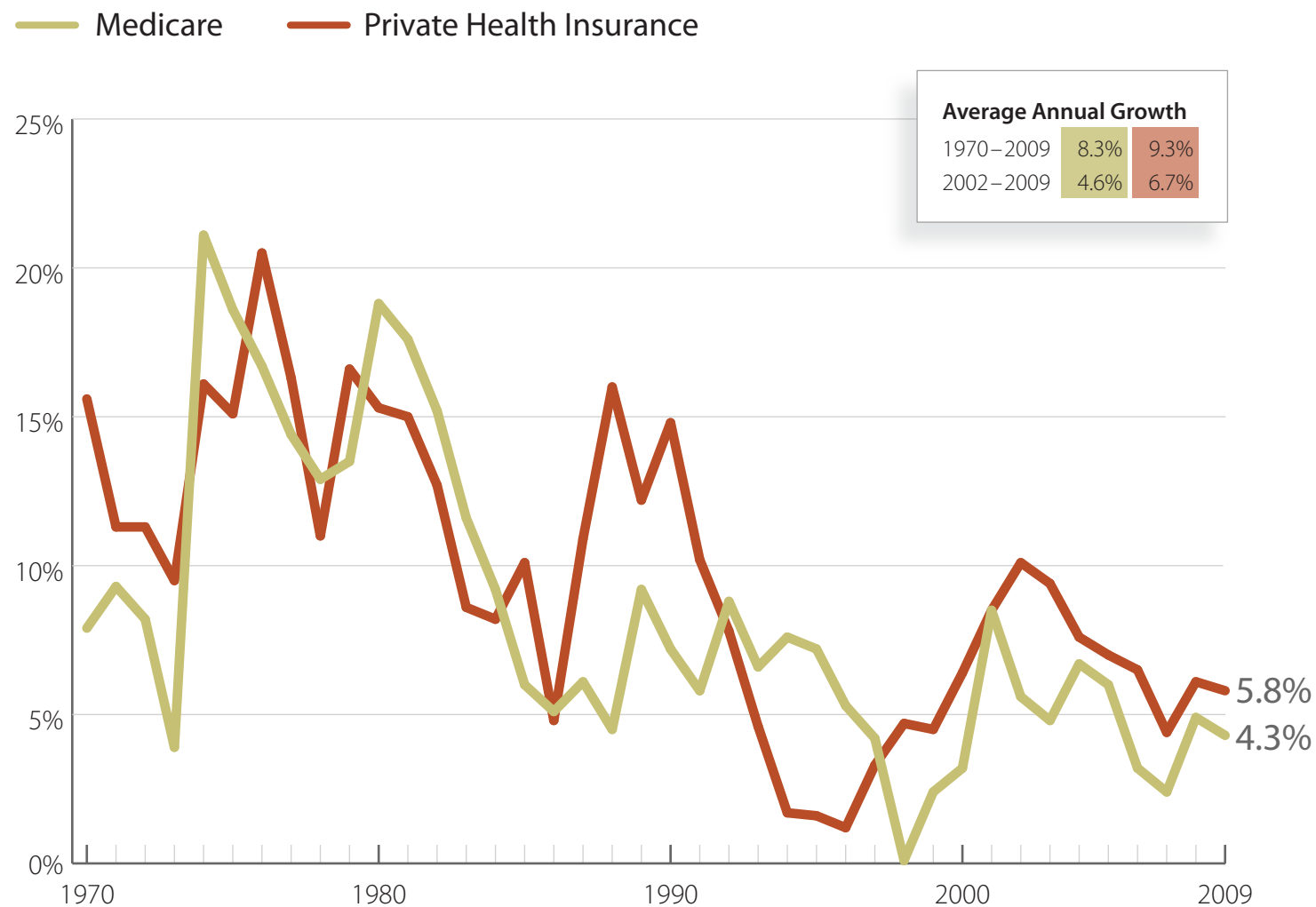
## Health Care Costs 101

Growth Trends

Private health insurance and consumers' out-of-pocket spending decelerated further in 2009, contributing to the slowdown in health spending overall. These private spending trends were partially offset by accelerations in Medicaid spending.

Source: Center for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Growth in Per Enrollee Spending for Common Benefits,\* Medicare vs. Private Health Insurance, 1970–2009



## Health Care Costs 101

### Growth Trends

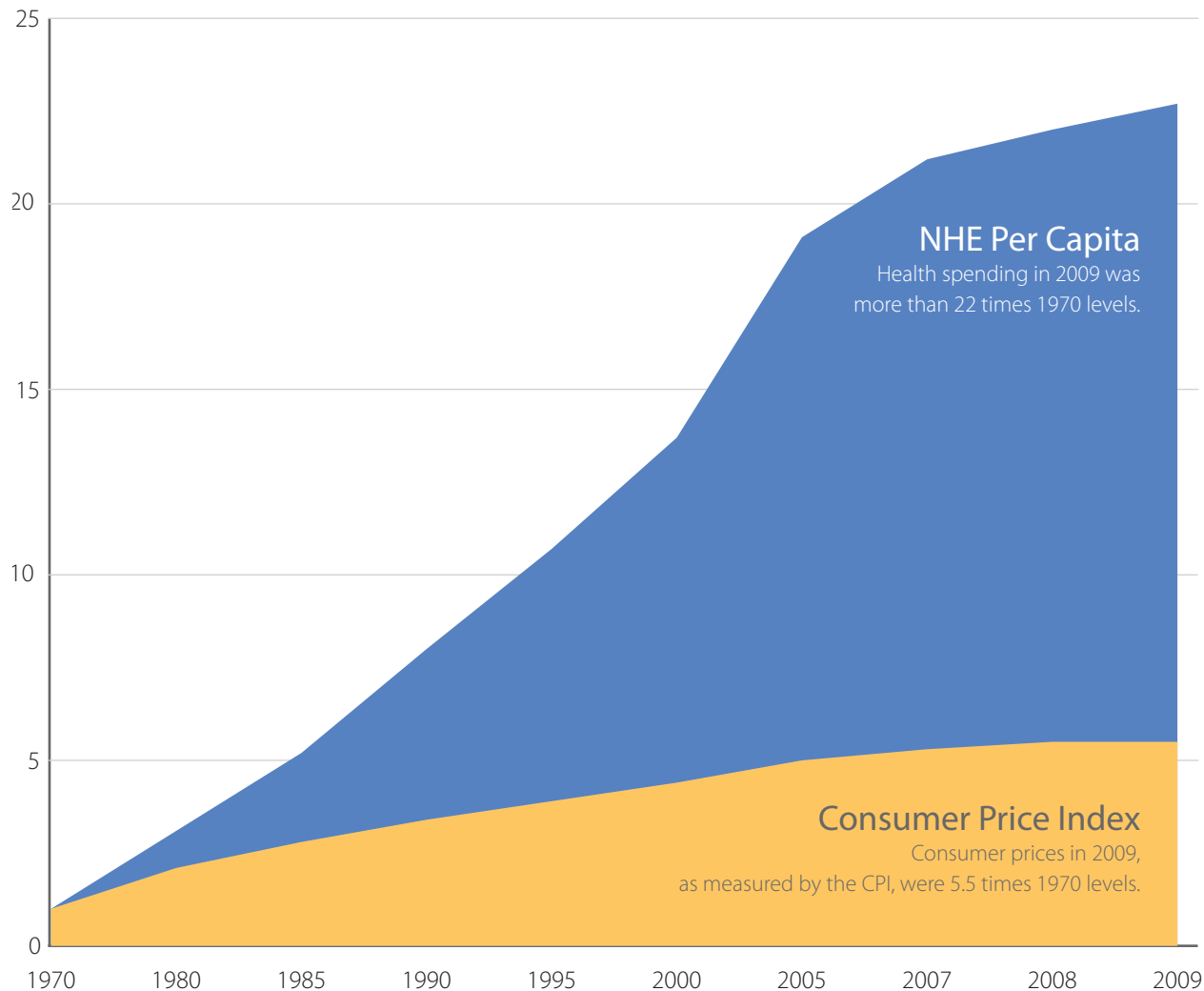
Medicare and private insurance have experienced similar growth patterns on a per enrollee basis. Over time, Medicare's growth rates have been slightly lower.

\*Common benefits refers to benefits commonly covered by Medicare and private health insurance. These benefits are hospital services, physician and clinical services, other professional services, and durable medical products.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Cumulative Impact of Growth Rates, 1970–2009\*

TIMES MORE EXPENSIVE THAN IN 1970



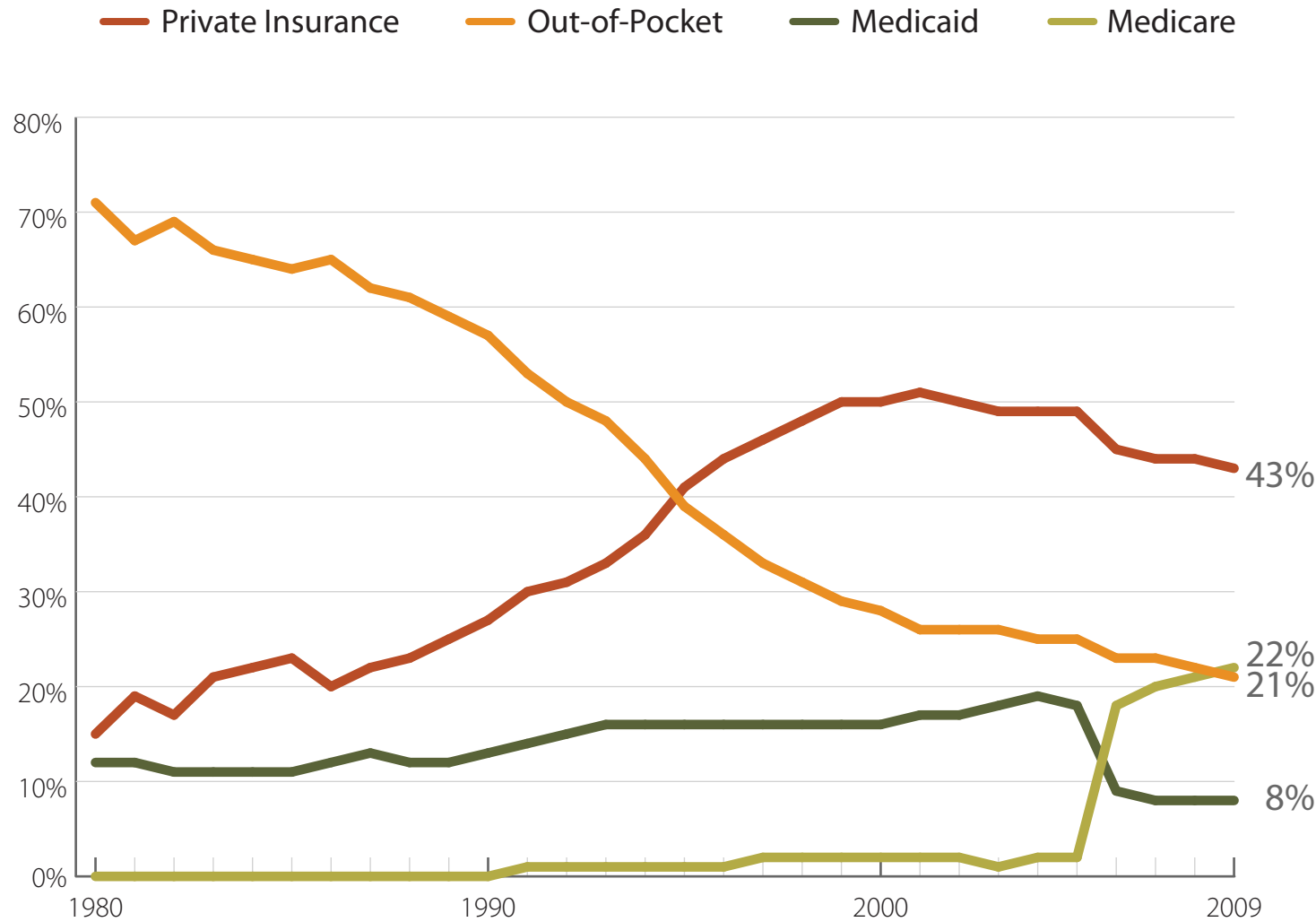
The impact of consistently higher growth rates in health care spending is seen in the comparison to 1970 levels.

\*Selected rather than continuous years of data shown prior to 2007.

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary; Bureau of Labor Statistics (CPI-U, U.S. city average, annual figures).

# Prescription Drugs, by Sources of Payment, 1980–2009

SHARE OF PRESCRIPTION DRUG SPENDING



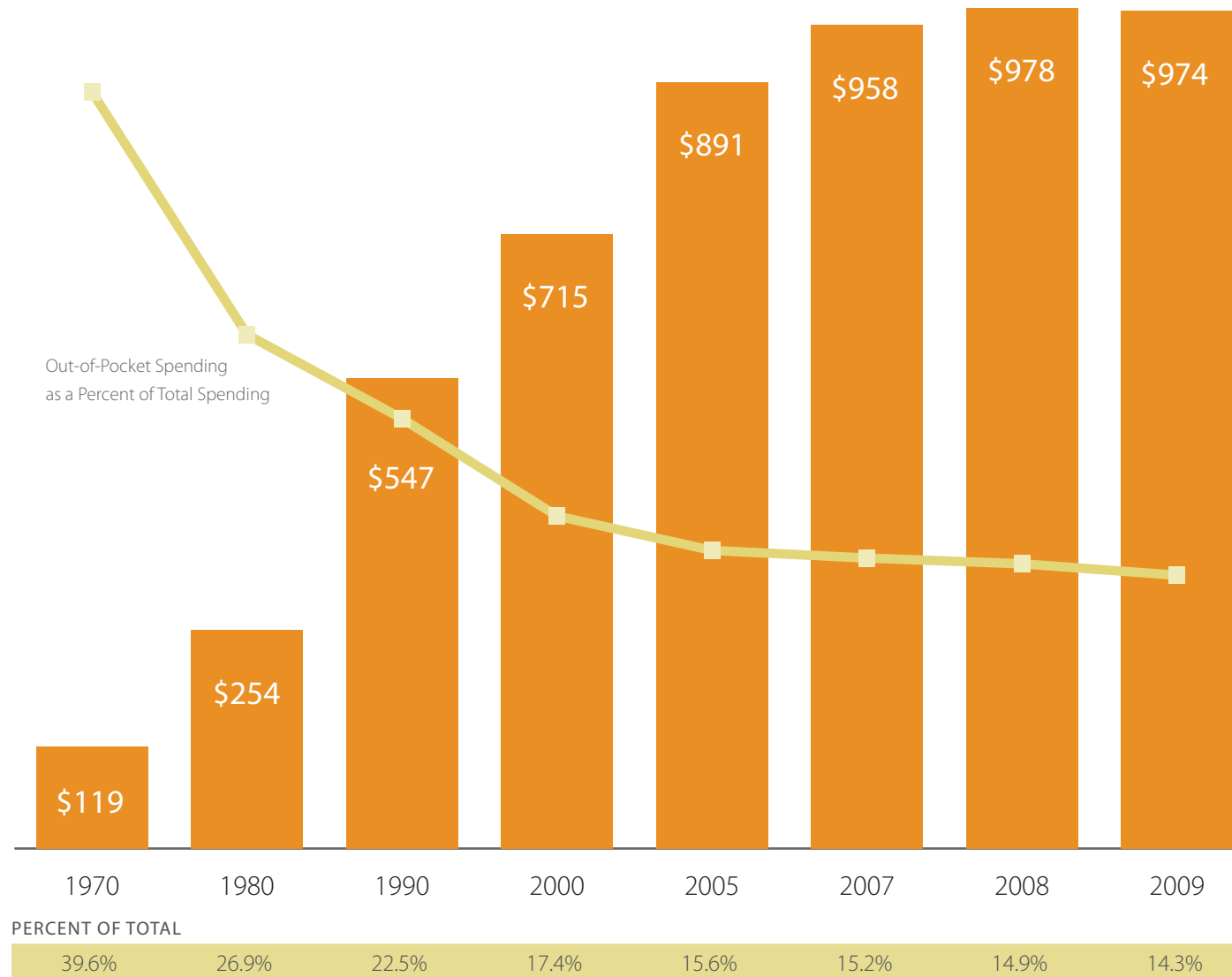
In the 1980s and 1990s, private insurers accounted for an increasing share of prescription spending. With the implementation of Medicare’s Part D drug coverage in 2006, the share of drug spending by all other sources has declined.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Annual Out-of-Pocket Spending Per Person, 1970–2009\*

## Health Care Costs 101

Spending Trends



In the face of prolonged recession, consumers' out-of-pocket spending flattened.

\*Selected rather than continuous years of data are shown prior to 2006. Out-of-pocket spending includes direct spending by consumers for all health care goods and services, such as coinsurance, deductibles, and any amounts not covered by insurance. Out-of-pocket premiums paid by individuals are not counted here but are counted as part of private health insurance. Out-of-pocket share computed as a percent of Personal Health Care; see [Appendix](#) for spending detail.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

# Data Resources

## Economic Data

- Historical Budget Data, as presented in Congressional Budget Office, The Budget and Economic Outlook, Fiscal Years 2011 to 2021 (January 2011).  
[www.cbo.gov](http://www.cbo.gov)
- Consumer Price Index, Bureau of Labor Statistics:  
[www.bls.gov/cpi](http://www.bls.gov/cpi)
- Organization for Economic Development. *OECD Health Data: Statistics and Indicators for 30 Countries*, “Frequently Requested Data”, October 2010 (EXCEL).  
[www.oecd.org](http://www.oecd.org)

## Journal Publications Authored by CMS Staff

- Anne Martin, David Lassman, Lekha Whittle, Aaron Catlin, and the National Health Expenditure Accounts Team. “Recession Contributes To Slowest Annual Rate Of Increase In Health Spending In Five Decades,” *Health Affairs*, 30, No. 1 (2011): 11 – 22.  
[www.healthaffairs.org](http://www.healthaffairs.org)
- Andrea M. Sisko, Christopher J. Truffer, Sean P. Keehan, John A. Poisal, M. Kent Clemens, and Andrew J. Madison. “National Health Spending Projections: The Estimated Impact Of Reform Through 2019,” *Health Affairs*, 29, No. 10 (2010): 1933 – 1941. (Published online September 9, 2010.)  
[www.healthaffairs.org](http://www.healthaffairs.org)

## National Health Expenditures

### HISTORICAL INFORMATION/OVERVIEW

- Data:  
[www.cms.gov](http://www.cms.gov)
- Definitions, Sources, Methods (PDF):  
[www.cms.gov](http://www.cms.gov)
- Health Expenditures by Sponsors: Business, Household and Government:  
[www.cms.gov](http://www.cms.gov)
- Overview of National Health Expenditure Resources:  
[www.cms.gov](http://www.cms.gov)
- Quick Reference Definitions (PDF):  
[www.cms.gov](http://www.cms.gov)
- Summary of Benchmark Changes (PDF):  
[www.cms.gov](http://www.cms.gov)
- Tables (PDF):  
[www.cms.gov](http://www.cms.gov)

### PROJECTIONS

- Data:  
[www.cms.gov](http://www.cms.gov)
- Methodology (PDF):  
[www.cms.gov](http://www.cms.gov)
- Forecast Summary and Selected Tables (updated PDF):  
[www.cms.gov](http://www.cms.gov)

### FOR MORE INFORMATION



CALIFORNIA  
HEALTHCARE  
FOUNDATION

California HealthCare Foundation  
1438 Webster Street, Suite 400  
Oakland, CA 94612  
510.238.1040  
[www.chcf.org](http://www.chcf.org)

# Appendix: Category Breakdown

	SPENDING LEVELS (in millions)			DISTRIBUTION	GROWTH
	1989	2008	2009	2009	2009/2008
National Health Expenditures	\$647,205	\$2,391,384	\$2,486,293	100%	4.0%
Health Consumption Expenditures	\$603,229	\$2,234,166	\$2,330,064	94%	4.3%
▶ Personal Health Care	551,407	1,997,199	2,089,862	84%	4.6%
▶ Hospital Care	225,967	722,144	759,074	31%	5.1%
▶ Physician and Clinical Services	143,295	486,486	505,888	20%	4.0%
▶ Dental and Other Care	65,772	278,946	291,626	12%	4.5%
▶ Dental Services	29,316	102,274	102,222	4%	-0.1%
▶ Other Professional Services	14,597	63,422	66,781	3%	5.3%
▶ Other Health, Residential, and Personal Care	21,859	113,251	122,623	5%	8.3%
▶ Nursing Care Facilities	38,673	132,824	136,971	6%	3.1%
▶ Home Health Care	10,238	62,080	68,264	3%	10.0%
▶ Retail Outlet Sales	67,463	314,719	328,041	13%	4.2%
▶ Prescription Drugs	34,758	237,228	249,904	10%	5.3%
▶ Other Non-Durable Medical Products	20,819	42,344	43,260	2%	2.2%
▶ Durable Medical Equipment	11,887	35,147	34,878	1%	-0.8%
▶ Administration	34,048	164,023	162,989	7%	-0.6%
▶ Public Health Activities	17,775	72,944	77,213	3%	5.9%
Investment	\$43,977	\$157,217	\$156,230	6%	-0.6%
▶ Research	11,738	43,247	45,323	2%	4.8%
▶ Structures and Equipment	32,238	113,970	110,907	4%	-2.7%

Note: Totals may not add due to rounding.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

**Other health, residential, and personal care** includes expenditures for residential care facilities, ambulance providers, and medical care delivered in nontraditional settings, such as senior centers and military field stations.

**Nursing care facilities** and continuing care retirement facilities category includes freestanding facilities only.

**Administration** includes government program administration and the net cost of private health insurance. Administrative costs incurred by providers and suppliers, such as hospital and physician insurance billing expenses or marketing costs for prescription drugs, are reflected in the service categories (hospital, physician, and prescription drugs, respectively, for these examples).

**Research** reflects that of nonprofit or government entities. Research by commercial enterprises is reflected in their spending categories, e.g., research by pharmaceutical manufacturers is included in the amount spent on prescription drugs.

**Structures and equipment** reflects construction costs for medical establishments, e.g., a new hospital wing or medical office building, and investment in capital equipment for medical establishments, e.g., new imaging equipment or hospital beds.