

CALIFORNIA HEALTH CARE ALMANAC



Health Care Costs 101: Spending Rose with More Coverage and Care

SEPTEMBER 2017

Introduction

Health spending in 2015 continued to grow modestly, following a period of historically low growth from 2009 to 2013. National health spending grew by 5.8% in 2015, up from 5.3% in 2014. From 2016 to 2025, health spending is projected to grow at an average rate of 5.6% per year. The spending increases in 2015 were driven by increased use of services as enrollment in Medicaid and private insurance expanded. US health spending reached \$3.2 trillion in 2015, or \$9,990 per capita, and accounted for 17.8% of gross domestic product (GDP).

Health Care Costs 101: Spending Rose with More Coverage and Care, which relies on the most recent data available, details how much is spent on health care in the US, which services are purchased, and who pays.

KEY FINDINGS INCLUDE:

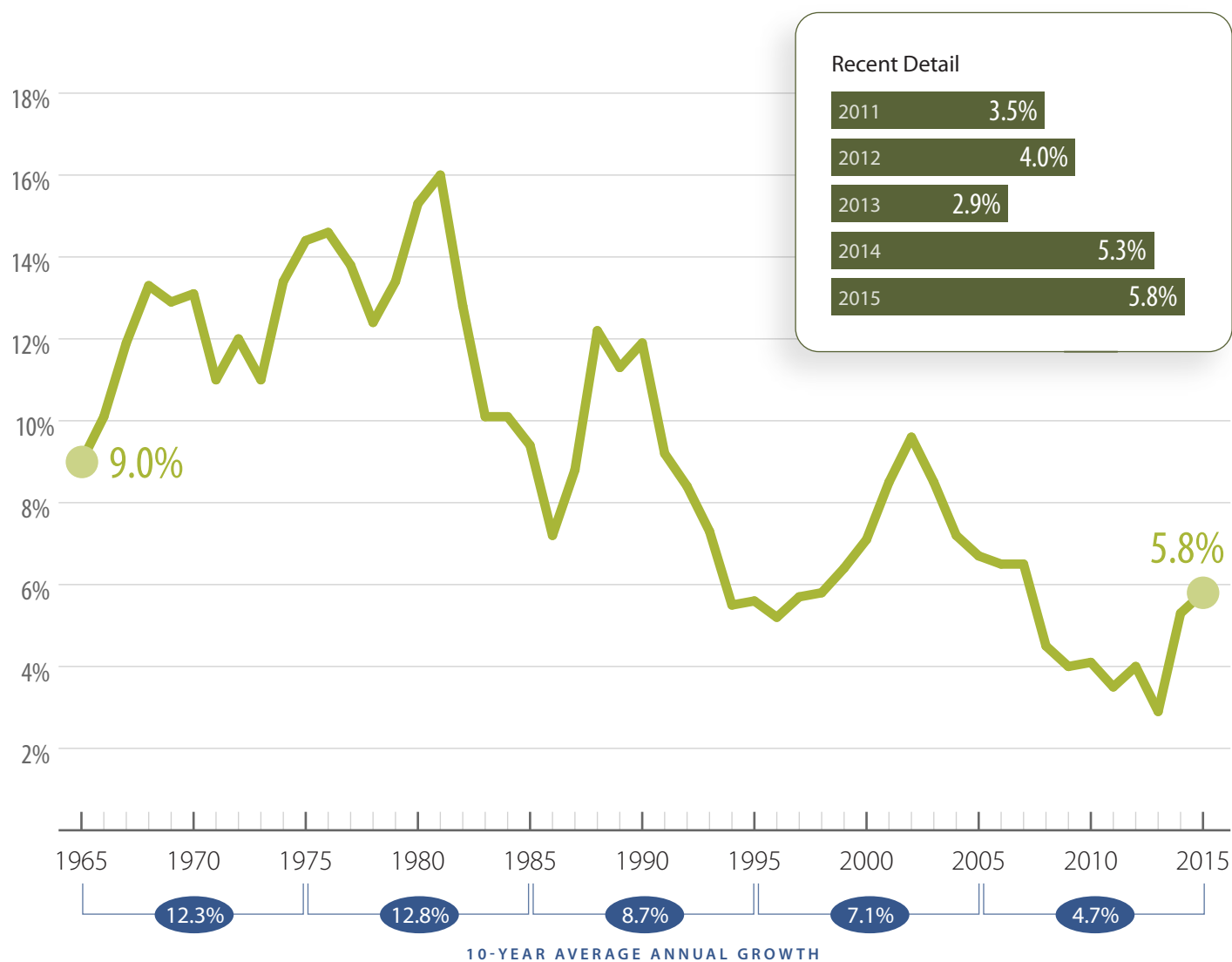
- Between 2016 and 2025, Medicare is expected to have the highest growth rate among payers as baby boomers age into the program. Medicaid spending is expected to slow in 2016 as enrollment stabilizes and hospital spending slows.
- For the second year in a row, prescription drug spending was the fastest growing goods/service category, increasing by 9.0%, or \$26.7 billion, in 2015. Growth in 2015 prescription drug spending was somewhat lower than the 2014 increase of 12.4%.
- In 2015, the ACA's eligibility expansion continued to affect Medicaid spending, which increased 9.7%, a slower pace than 2014's increase of 11.6%. On a per enrollee basis, however, increases slowed in 2014 as nondisabled adults gained coverage and created a healthier pool of insured people.
- The federal government surpassed households to finance the largest share (29%) of health spending.
- Federal government spending grew 8.9% (\$75 billion) in 2015, faster than spending by business, households, or state and local government. About half of the increase (\$38.5 billion) was spent on Medicaid.
- Federal subsidies for ACA marketplace premiums and cost sharing accounted for 3% (\$29.2 billion) of federal health spending.
- Per capita health spending increased by 5.0% in 2015, up from 4.4% in 2014.

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Annual Growth Rates in Health Spending

United States, 1965 to 2015



Note: Health spending refers to national health expenditures.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

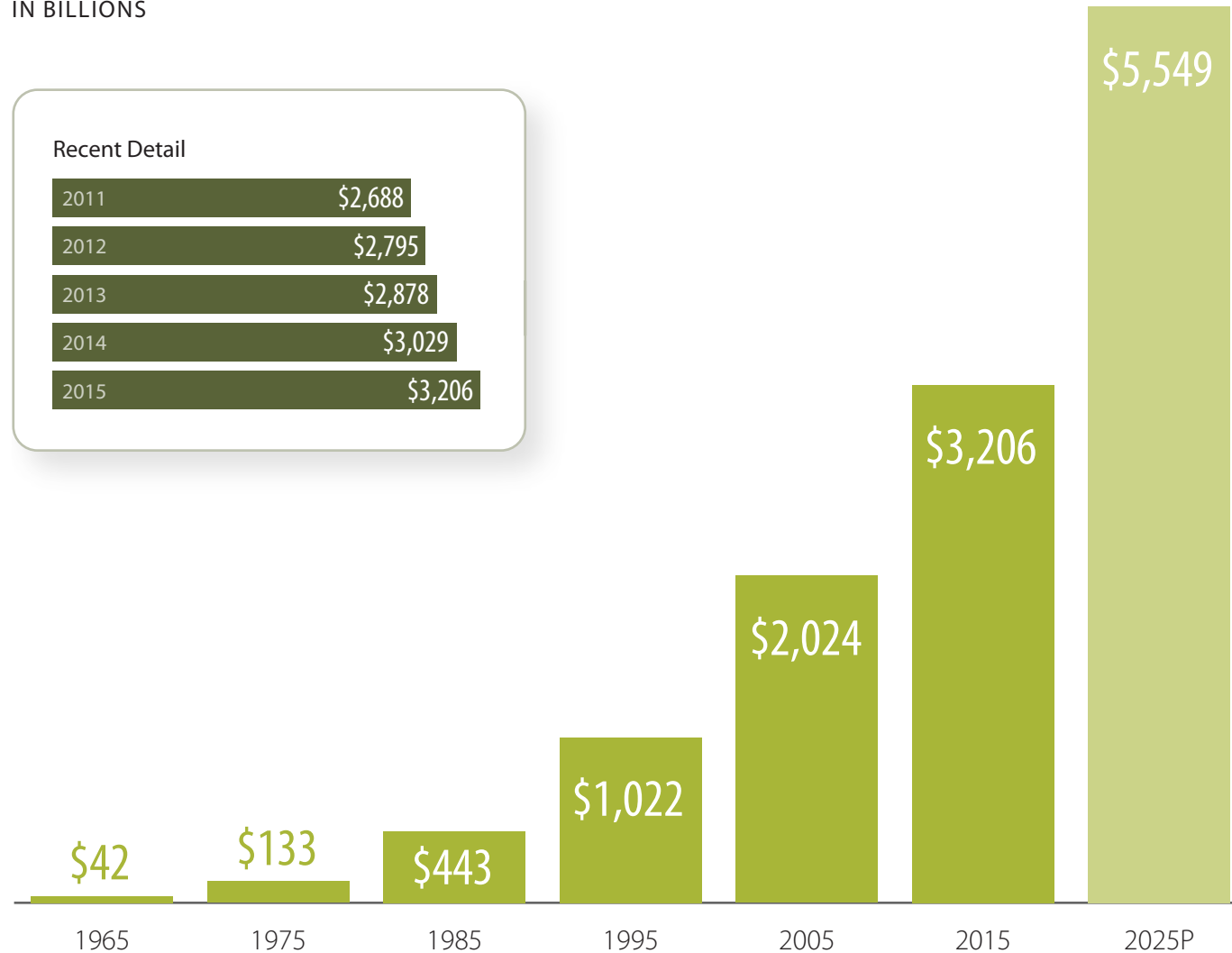
Spending Levels

Growth in 2015 edged up to 5.8%, slightly higher than the previous year's 5.3%. Health spending grew faster in 2015 than it had over the past decade, signaling an end to the period of very slow growth. Growth in 2015 was still slower than the decades before 2005.

Health Spending

United States, 1965 to 2015, Selected Years, and 10-Year Projection

IN BILLIONS



Notes: *Health spending* refers to national health expenditures. Projections shown as P and based on current law as of December 2016.

Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

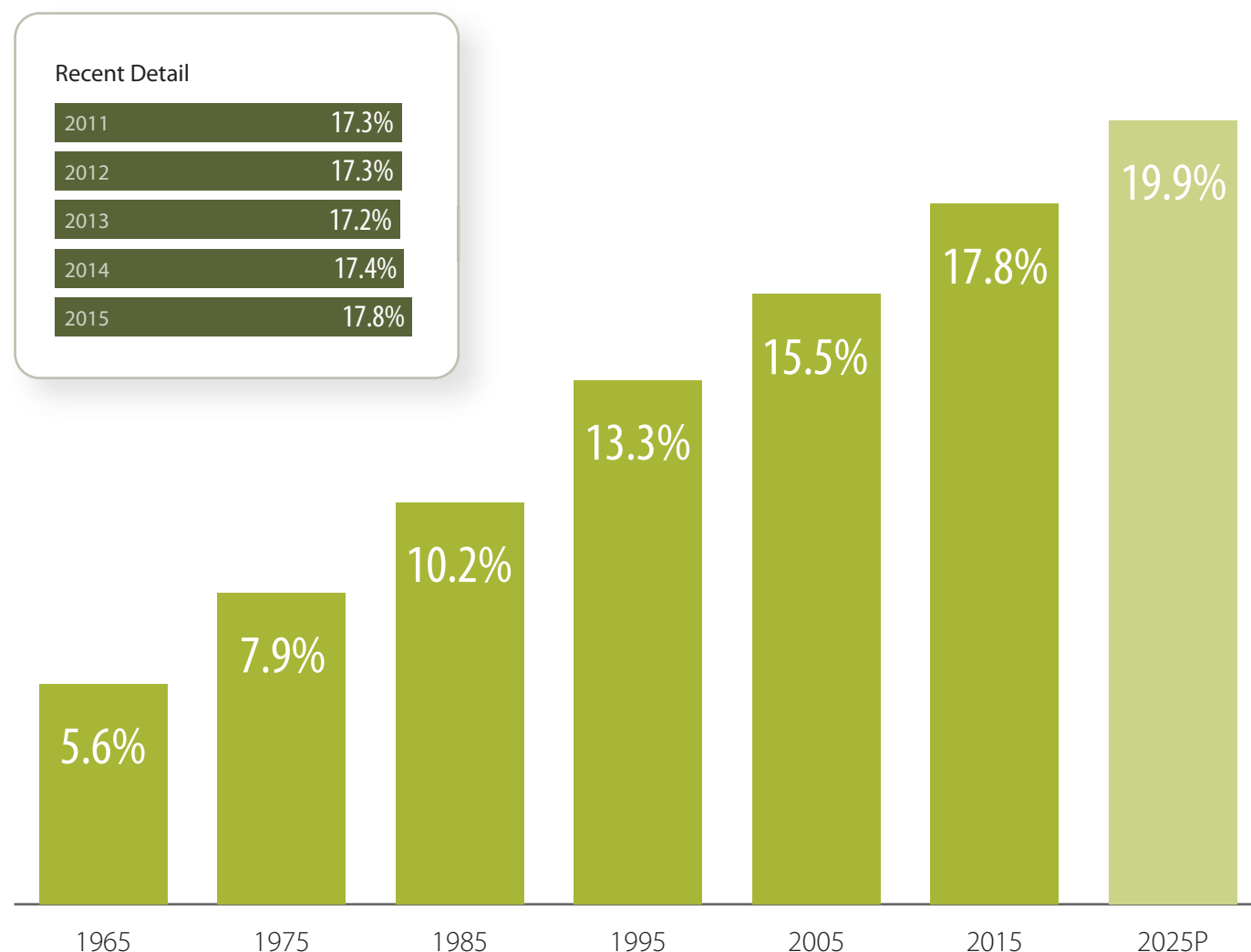
Health Care Costs 101

Spending Levels

Health spending reached \$3.2 trillion in 2015 and is projected to reach \$5.6 trillion by 2025. Between 2016 and 2025, health spending is projected to grow at an average rate of 5.6% per year.

Health Spending as a Share of GDP

United States, 1965 to 2015, Selected Years, and 10-Year Projection



Notes: *Health spending* refers to national health expenditures. Projections shown as *P* and based on current law as of December 2016. 2015 figure reflects a 3.7% increase in gross domestic product (GDP) and a 5.8% increase in national health spending over the prior year. See page 30 for a comparison of economic growth and health spending growth. (Growth rates from 2010 to 2013 were similar for both GDP and health spending.)

Sources: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov; *Current-Dollar and 'Real' GDP*, Bureau of Economic Analysis, bea.gov.

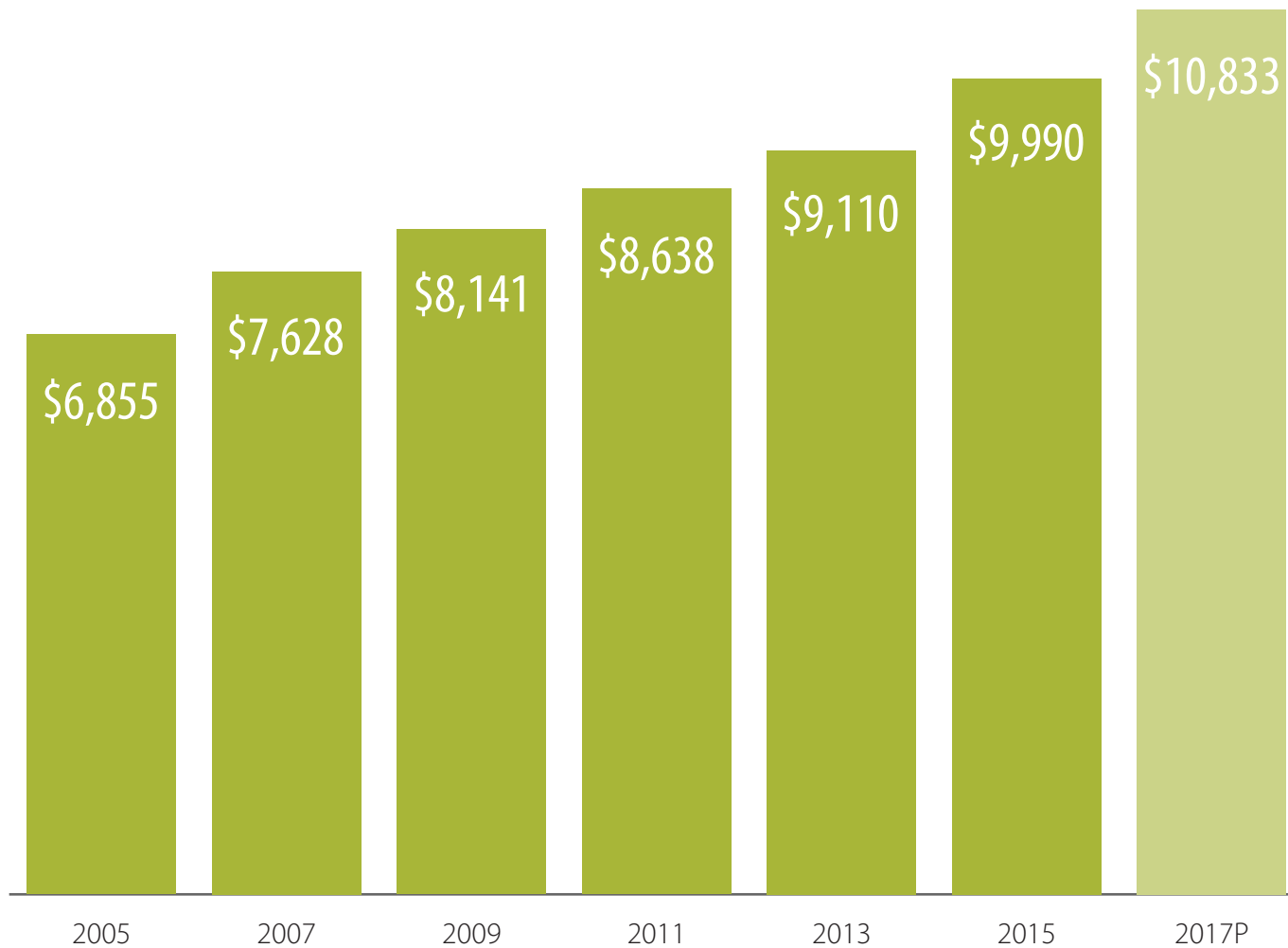
Health Care Costs 101

Spending Levels

Over the past 50 years, health care has accounted for a growing share of GDP, despite a flat period (2009–2013) in which health care and the economy grew at similar rates. In 2015, health spending's share of GDP increased 0.4 percentage points, reaching 17.8%, and is projected to represent 19.9% of the economy in 2025.

Health Spending per Capita

United States, 2005 to 2017, Selected Years, and 2-Year Projection



Health Care Costs 101

Spending Levels

In 2015, US health spending was nearly \$10,000 per person. In 2017, spending is projected to reach \$10,833 per person.

Notes: *Health spending* refers to national health expenditures. Projections shown as *P* and based on current law as of December 2016.

Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

Health Insurance Spending per Enrollee

United States, 2014 to 2015 and 10-Year Projection

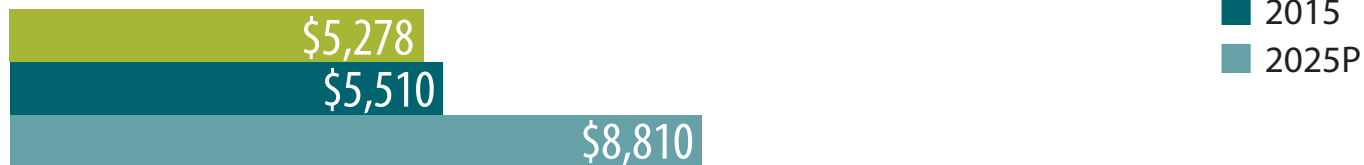
Medicare



Medicaid



Employer-Sponsored



Marketplace



N/A

Notes: *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges such as healthcare.gov and Covered California. Marketplace per enrollee spending includes premium and cost-sharing subsidies. Per enrollee spending in 2015 not shown: Medigap (\$2,426), other direct purchase insurance (\$2,993), and Children's Health Insurance Program (\$2,417). Projections shown as *P* and based on current law as of December 2016.

Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

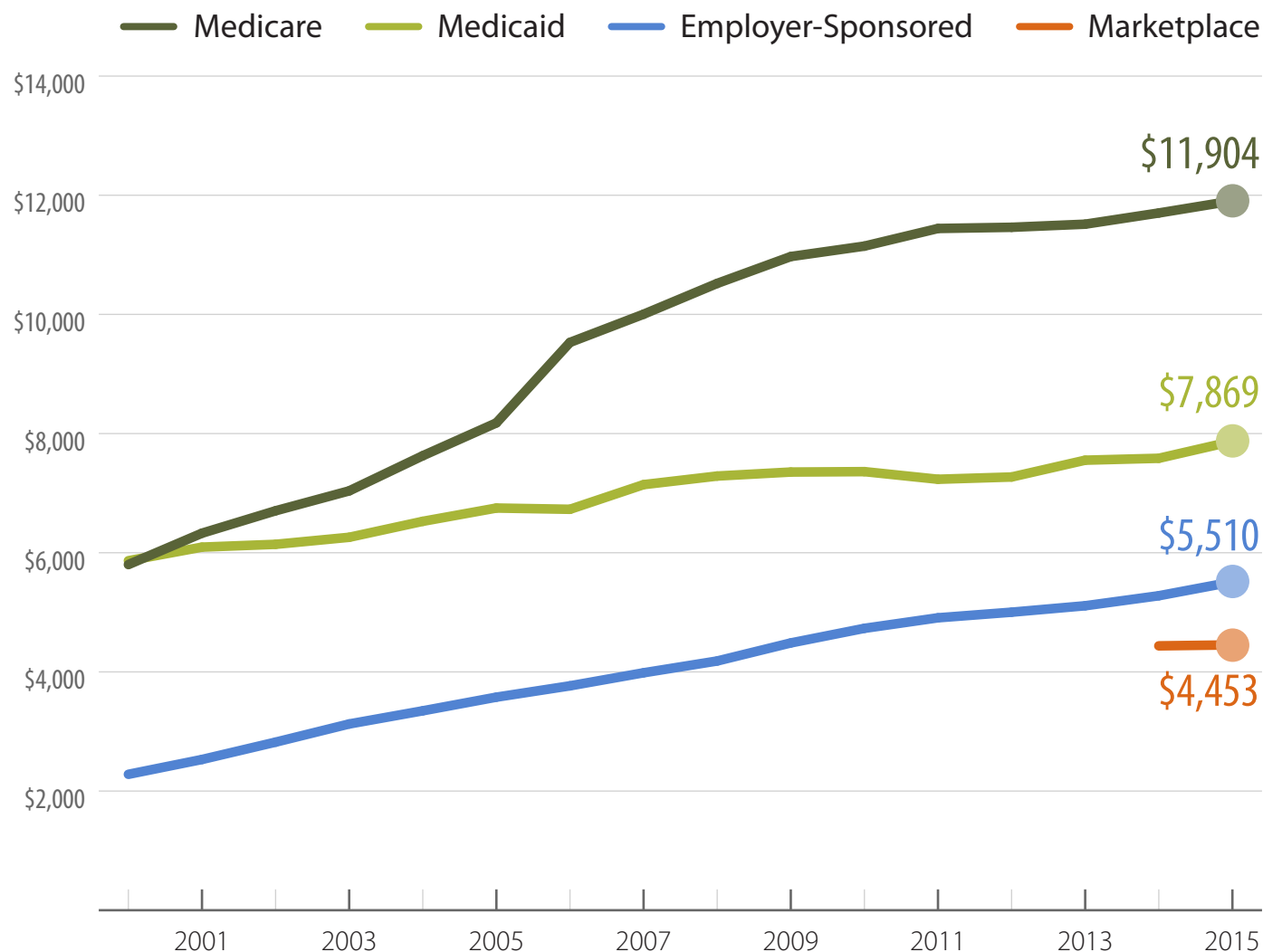
Health Care Costs 101

Spending Levels

Per enrollee spending was highest for Medicare. At \$11,904 per enrollee in 2015, it was more than double the \$5,510 spent for employer-sponsored insurance. In contrast, marketplace spending per enrollee (\$4,453) was about \$1,000 per enrollee less than employer-sponsored insurance. By 2025, employer-sponsored spending is projected to reach \$8,810 per enrollee.

Health Insurance Spending per Enrollee

United States, 2000 to 2015



Note: *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges such as healthcare.gov and Covered California. Marketplace per enrollee spending includes premium and cost-sharing subsidies.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

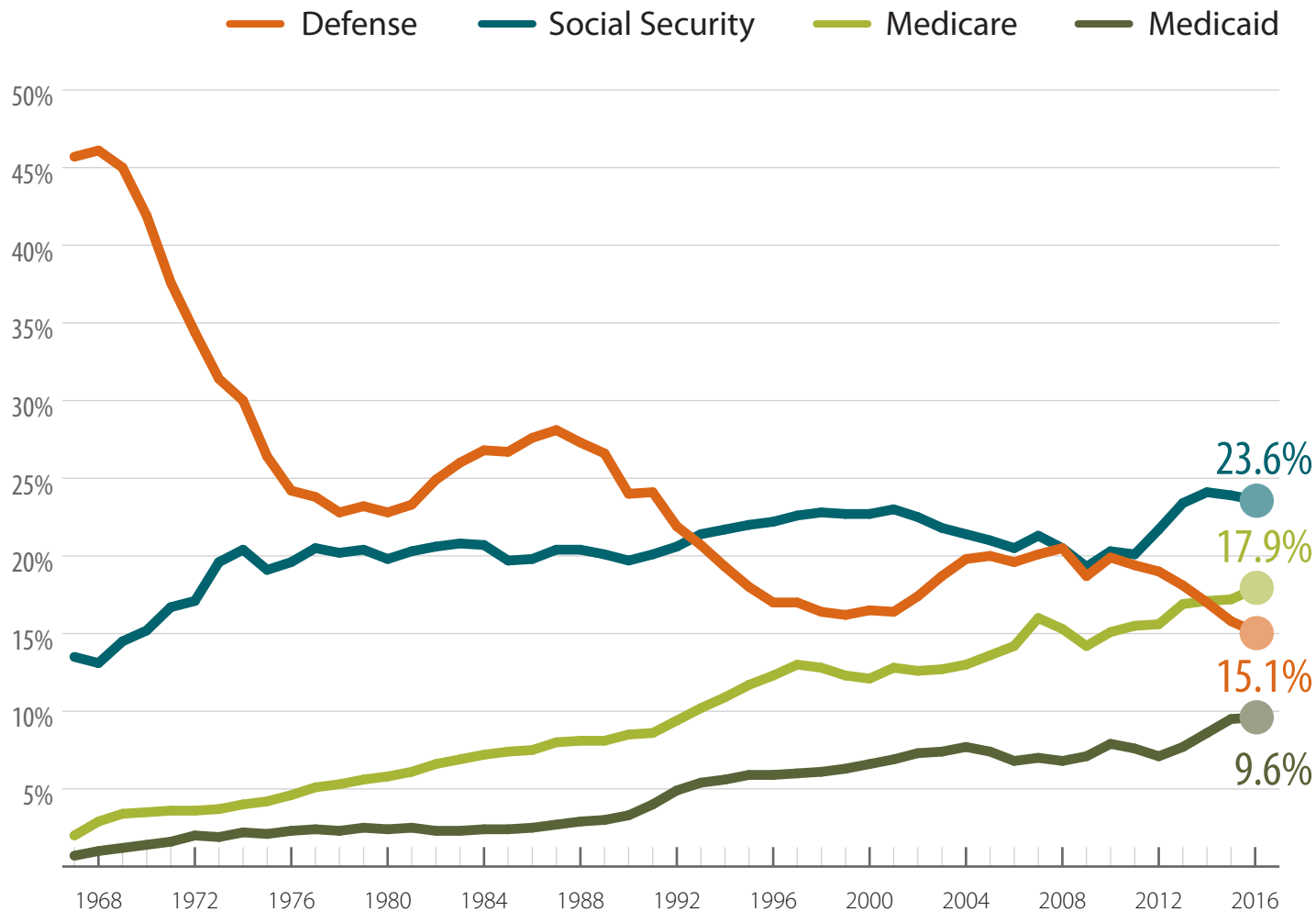
Health Care Costs 101

Spending Levels

Per enrollee spending for Medicare and Medicaid diverged over the past 15 years. The large increase in Medicare costs in 2006 coincided with the implementation of the Medicare drug benefit. Shifts in Medicaid eligibility to cover more children and nondisabled adults have helped hold down Medicaid's per enrollee spending.

Major Programs as a Share of the Federal Budget

United States, 1967 to 2016



Notes: Spending shares computed as a percentage of federal outlays. All outlays reflect federal spending only (i.e., Medicaid outlays shown reflect federal portion). Since 2011, defense spending has declined not only in share, but in dollars (from \$699.4 billion in 2011 to \$583.7 billion in 2016).

Sources: Author calculations based on "Historical Budget Data," *The Budget and Economic Outlook: 2017 to 2027*, Congressional Budget Office, January 2017, www.cbo.gov.

Health Care Costs 101

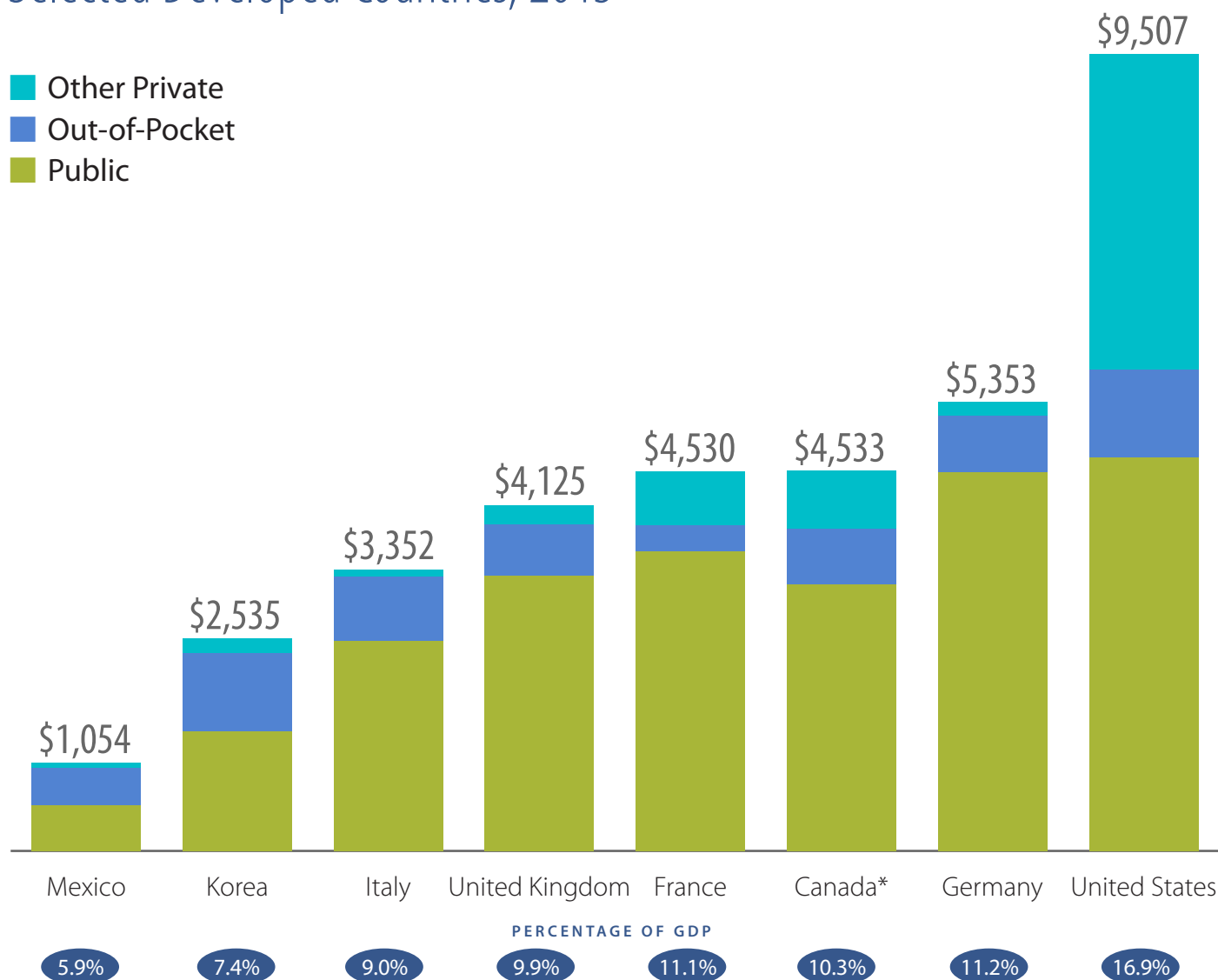
Spending Levels

For the first time since Medicare was signed into law, defense consumed a smaller share of the federal budget than Medicare.

Health Spending per Capita and as a Share of GDP

Selected Developed Countries, 2015

Other Private
Out-of-Pocket
Public



*Estimate.

Note: US spending per capita as reported by OECD differs from figures reported elsewhere in this report.

Source: "OECD Health Statistics 2017, Frequently Requested Data," Organisation for Economic Co-operation and Development, June 2017, www.oecd.org.

Health Care Costs 101

Spending Levels

Health spending in the US far exceeded that of other developed countries, both in per capita spending and as a percentage of GDP. Unlike in the US, in most developed countries, the public sector dominated health spending.

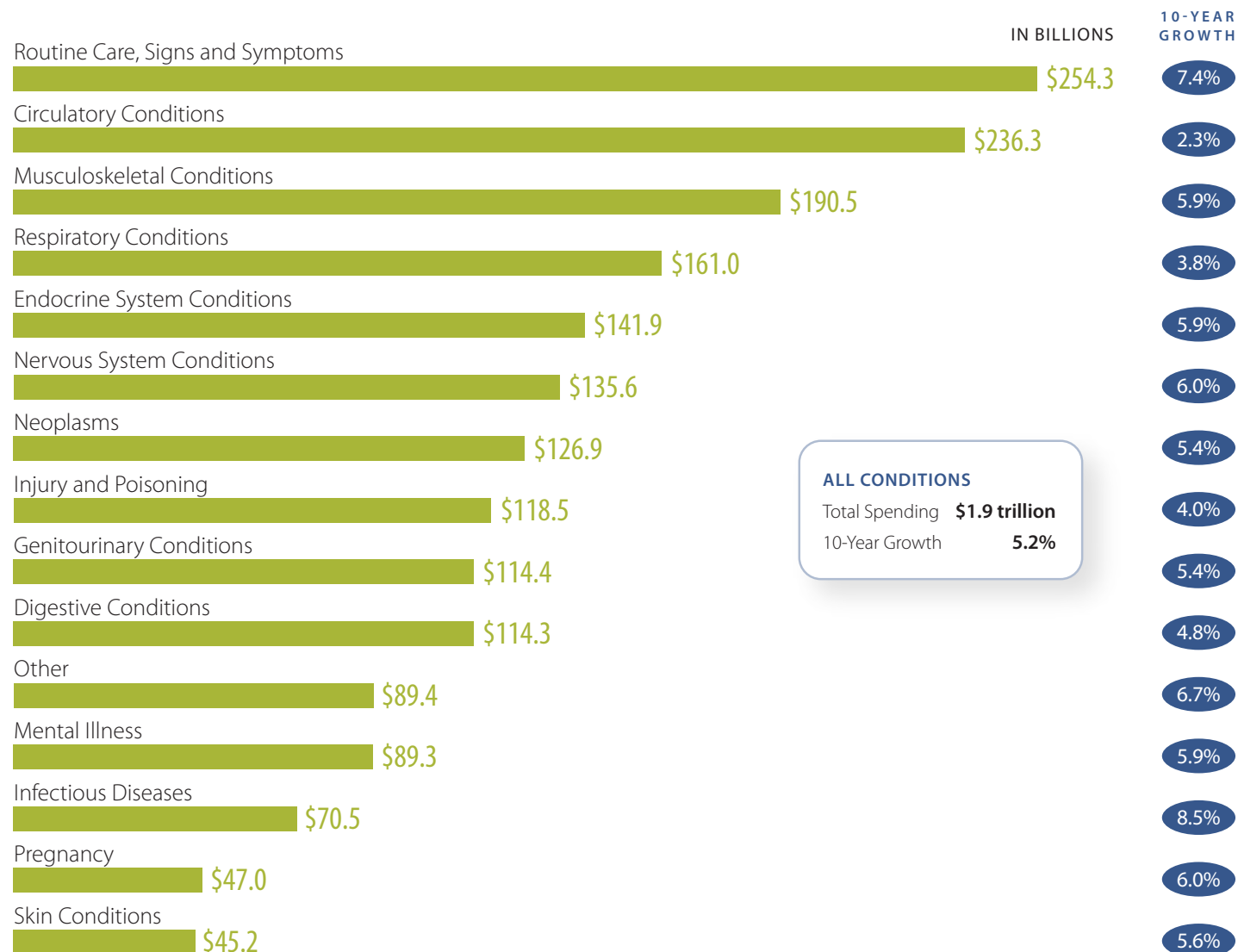
PAYER DEFINITIONS

Out-of-pocket is consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Other private is computed as total spending less public spending and out-of-pocket spending.

Health Spending, by Type of Medical Condition

United States, 2013 and 10-Year Average Annual Growth



Health Care Costs 101

Spending Levels

When classifying health spending by medical condition, the most money was spent on routine care (\$254 billion), followed by circulatory system conditions (which includes hypertension and heart disease). Over the past 10 years, spending on infectious diseases grew the fastest (8.5% per year on average) and spending on circulatory conditions grew at the slowest pace (2.3% per year).

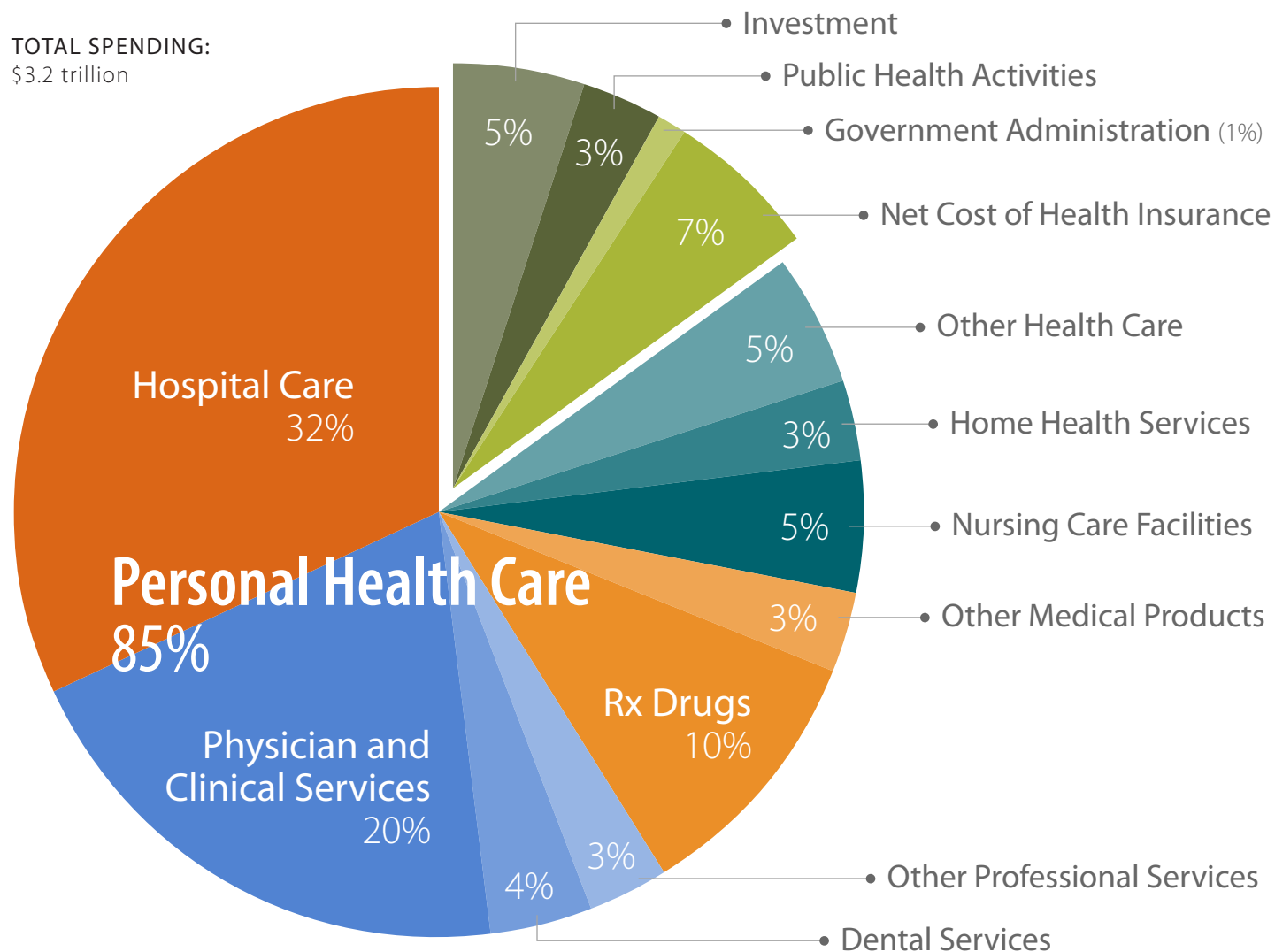
Notes: Medical spending by medical condition accounted for 83% of personal health care spending in 2013. Medical condition spending does not include spending on dental services, nursing homes, or medical products and equipment. Ten-year growth percentages are average annual. See Appendices C and D for medical condition detail.

Source: *Blended Account, 2000-2013*, Bureau of Economic Analysis, www.bea.gov.

Health Spending Distribution, by Category

United States, 2015

TOTAL SPENDING:
\$3.2 trillion



Notes: *Health spending* refers to national health expenditures. Segments don't sum to 100% due to rounding. For additional detail on spending categories, see page 15 and Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Spending Levels

Hospital care and physician services combined accounted for over half of health care spending. Prescription drugs, the third-largest category, accounted for another 10% of spending.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of government health care programs such as Medicare and Medicaid.

Investment includes research, structures, and equipment.

Net cost of health insurance reflects the difference between benefits and premiums for private insurance.

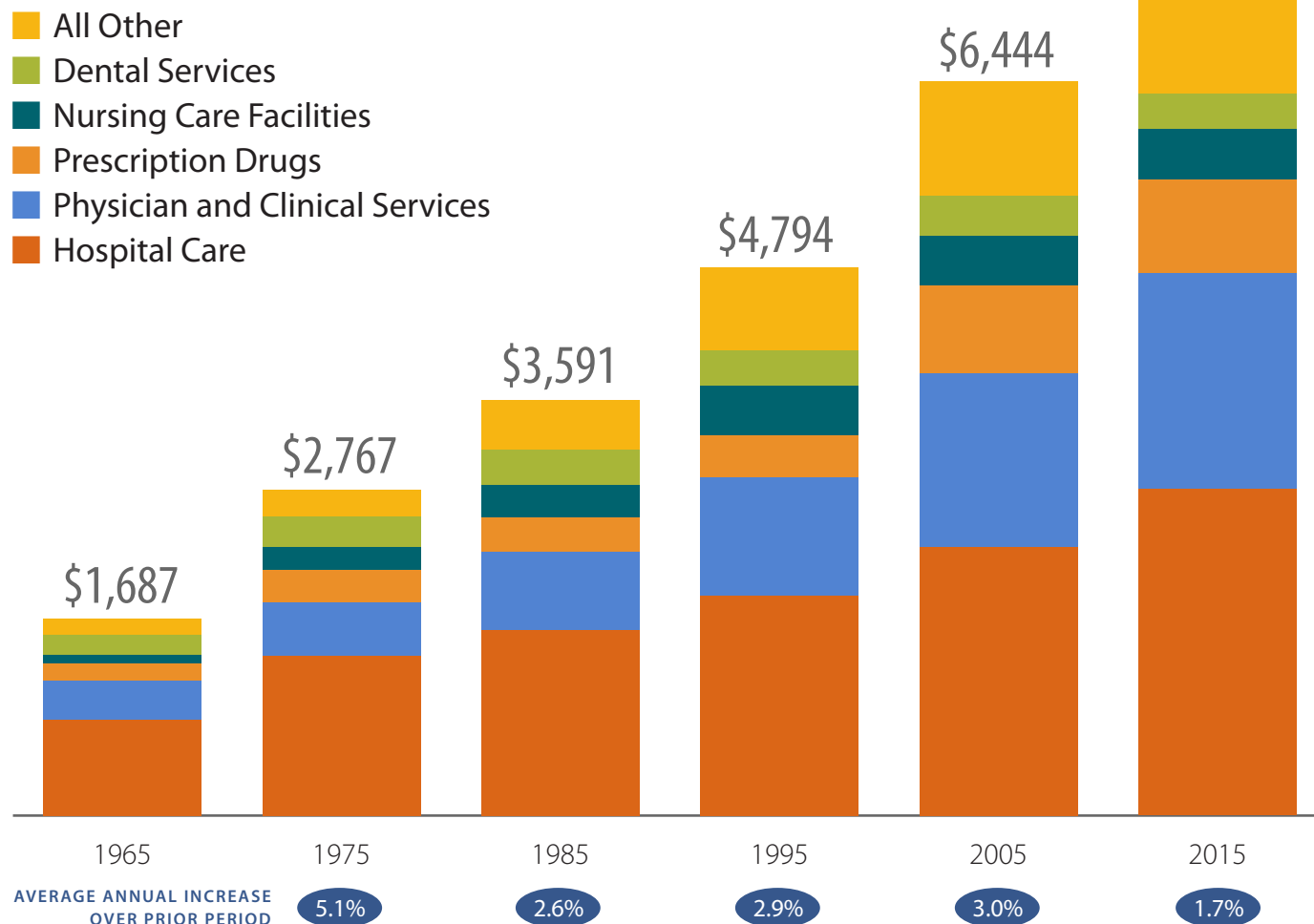
Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

Personal Health Care Spending, Adjusted for Inflation

United States, 1965 to 2015, Selected Years

IN 2009 REAL DOLLARS PER CAPITA



Notes: *Personal health care spending* excludes government administration, the net cost of health insurance, public health activities, research, and investment. For additional detail on spending categories, see Appendix A.

Sources: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services (CMS), www.cms.gov, including unpublished CMS data associated with Table 23, "National Health Expenditures; Nominal Dollars, Real Dollars, Price Indexes, and Annual Percent Change: Selected Calendar Years."

Health Care Costs 101

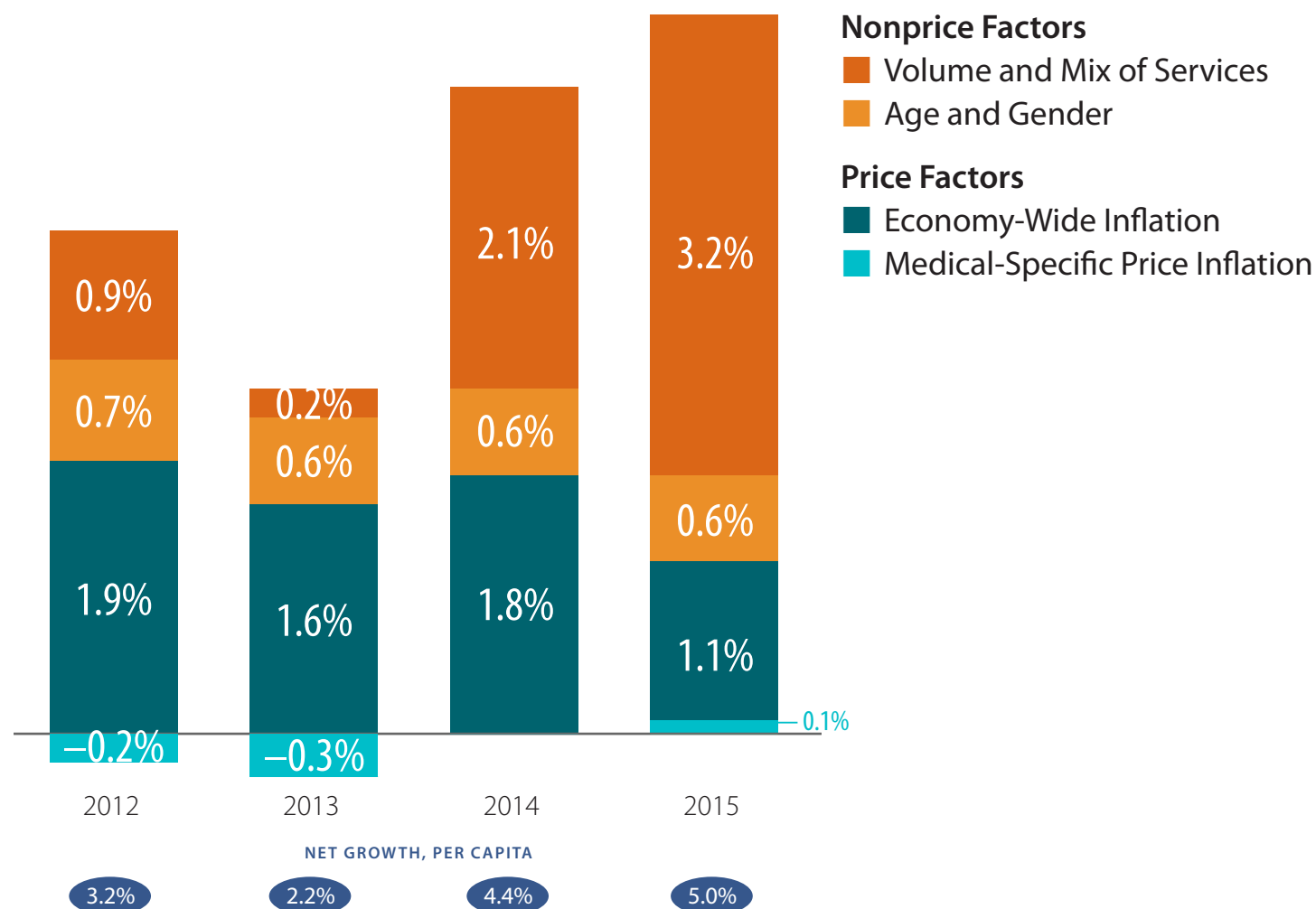
Spending Levels

The rise in health spending is not simply due to medical price increases. In inflation-adjusted dollars,* per capita spending grew more than four-fold, from \$1,687 per person in 1965 to \$7,631 in 2015. Reasons for this growth included changes in the volume and mix of services, technological advances, and shifts in the age and gender mix of the population.

*Inflation adjustments remove the impact of changes in health care prices. For further information on price deflators, see *Definitions, Sources, Methods* and *NHE Deflator Methodology* at www.cms.gov.

Factors Contributing to per Capita Spending Growth

United States, 2012 to 2015



Health Care Costs 101

Spending Levels

In 2015, health spending per capita grew 5.0%. As in the preceding year, service volume and mix was the main driver of growth, not price. Inflation and age/gender factors accounted for less than half of 2015 spending growth. Medical-specific inflation — medical price increases above and beyond general economy-wide inflation — were low (or negative) throughout the four-year period.

Notes: *Volume and mix of services*, also referred to as use and intensity, is computed as a residual and includes any measurement error. The impact of population growth is removed.

Sources: Anne B. Martin et al., "Exhibit 5," in "National Health Spending: Faster Growth in 2015 as Coverage Expands and Utilization Increases," *Health Affairs* 36, no. 1 (January 2017), doi:10.1377/hlthaff.2016.1330; unpublished data points related to article's Exhibit 5 provided by Office of the Actuary, Centers for Medicare & Medicaid Services.

Health Spending Summary, by Category

United States, 2014 to 2015 and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH / DECLINE*		
	1995	2014	2015	1995	2014	2015	1995-2015	2014	2015
National Health Expenditures	\$1,021.6	\$3,029.3	\$3,205.6	100%	100%	100%	5.9%	5.3%	5.8%
Hospital Care	339.3	981.0	1,036.1	33.2%	32.4%	32.3%	5.7%	4.6%	5.6%
Physician and Clinical Services	220.3	597.1	634.9	21.6%	19.7%	19.8%	5.4%	4.8%	6.3%
Dental Services	44.6	112.8	117.5	4.4%	3.7%	3.7%	5.0%	2.4%	4.2%
Other Professional Services	26.7	82.8	87.7	2.6%	2.7%	2.7%	6.1%	5.1%	5.9%
Nursing Care Facilities	64.2	152.6	156.8	6.3%	5.0%	4.9%	4.6%	2.3%	2.7%
Home Health Services	32.3	83.6	88.8	3.2%	2.8%	2.8%	5.2%	4.5%	6.3%
Other Health Care	41.5	151.5	163.3	4.1%	5.0%	5.1%	7.1%	5.0%	7.8%
Prescription Drugs	59.8	297.9	324.6	5.9%	9.8%	10.1%	8.8%	12.4%	9.0%
Other Medical Products	41.0	103.5	107.5	4.0%	3.4%	3.4%	4.9%	2.8%	3.8%
Net Cost of Health Insurance	45.9	195.3	210.1	4.5%	6.4%	6.6%	7.9%	12.4%	7.6%
Government Administration	11.7	41.2	42.6	1.1%	1.4%	1.3%	6.7%	10.9%	3.2%
Public Health Activities	31.0	79.0	80.9	3.0%	2.6%	2.5%	4.9%	1.4%	2.4%
Investment	63.5	150.9	154.7	6.2%	5.0%	4.8%	4.6%	-1.4%	2.6%

*Growth rate for 1995-2015 is average annual; others are annual changes.

Notes: *Health spending* refers to national health expenditures. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Spending Levels

The US health spending growth rate in 2015 (5.8%) was close to the 20-year annual average of 5.9%. Over the past 20 years, hospital care has remained the largest spending category and prescription drugs have experienced the greatest increase in share.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of government health care programs such as Medicare and Medicaid.

Investment includes research, structures, and equipment.

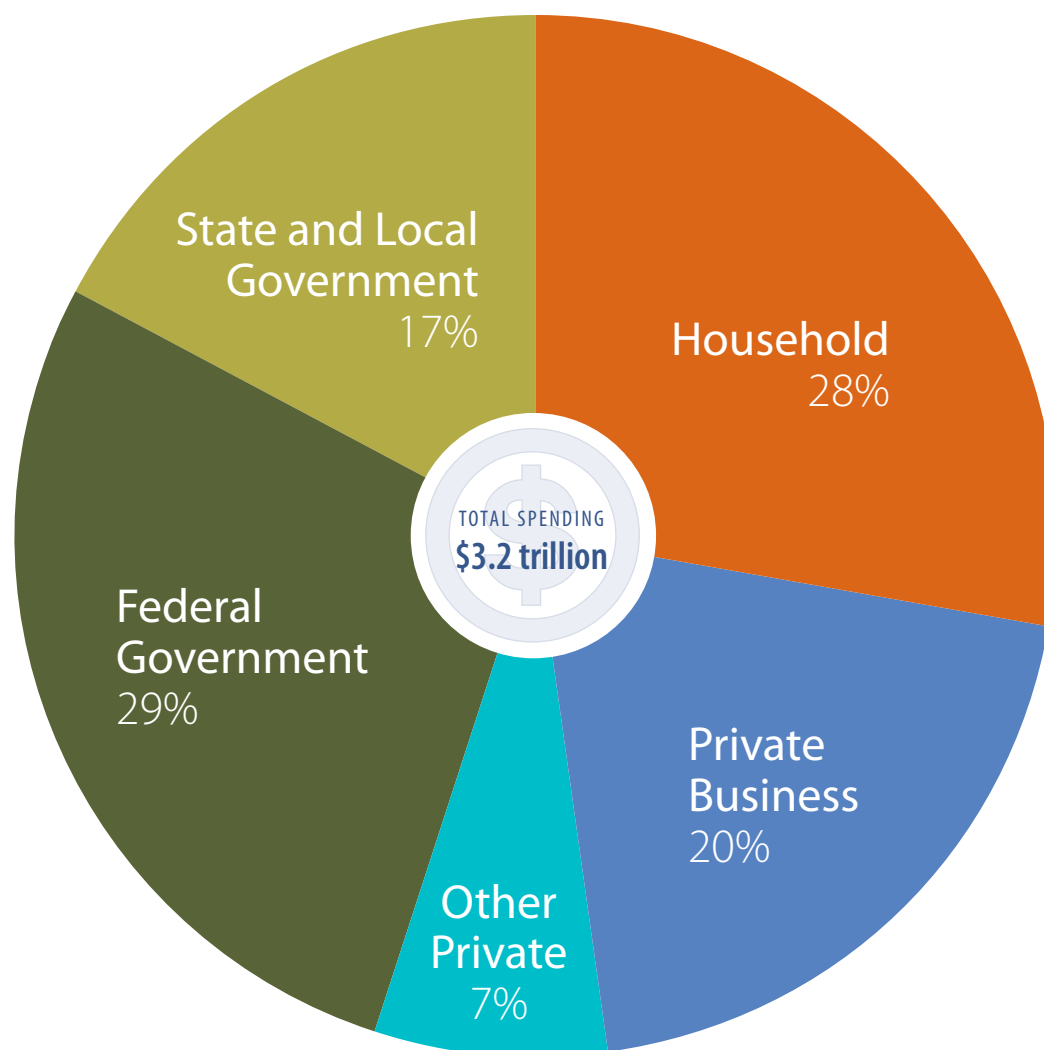
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

Health Spending Distribution, by Sponsor

United States, 2015



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See page 18 for trend data. Segments don't sum to 100% due to rounding.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Sponsors

Sponsors finance the nation's health care bill by paying insurance premiums, out-of-pocket expenses, and payroll taxes, or by directing general tax revenues to health care. In 2015, the federal government and households were the largest sponsors.

SPONSOR DEFINITIONS

Federal government sponsors health care via general tax revenues, plus payroll tax and employer contributions to health insurance premiums for its workers.

Households sponsor health care through out-of-pocket costs, health insurance premiums, and payroll taxes.

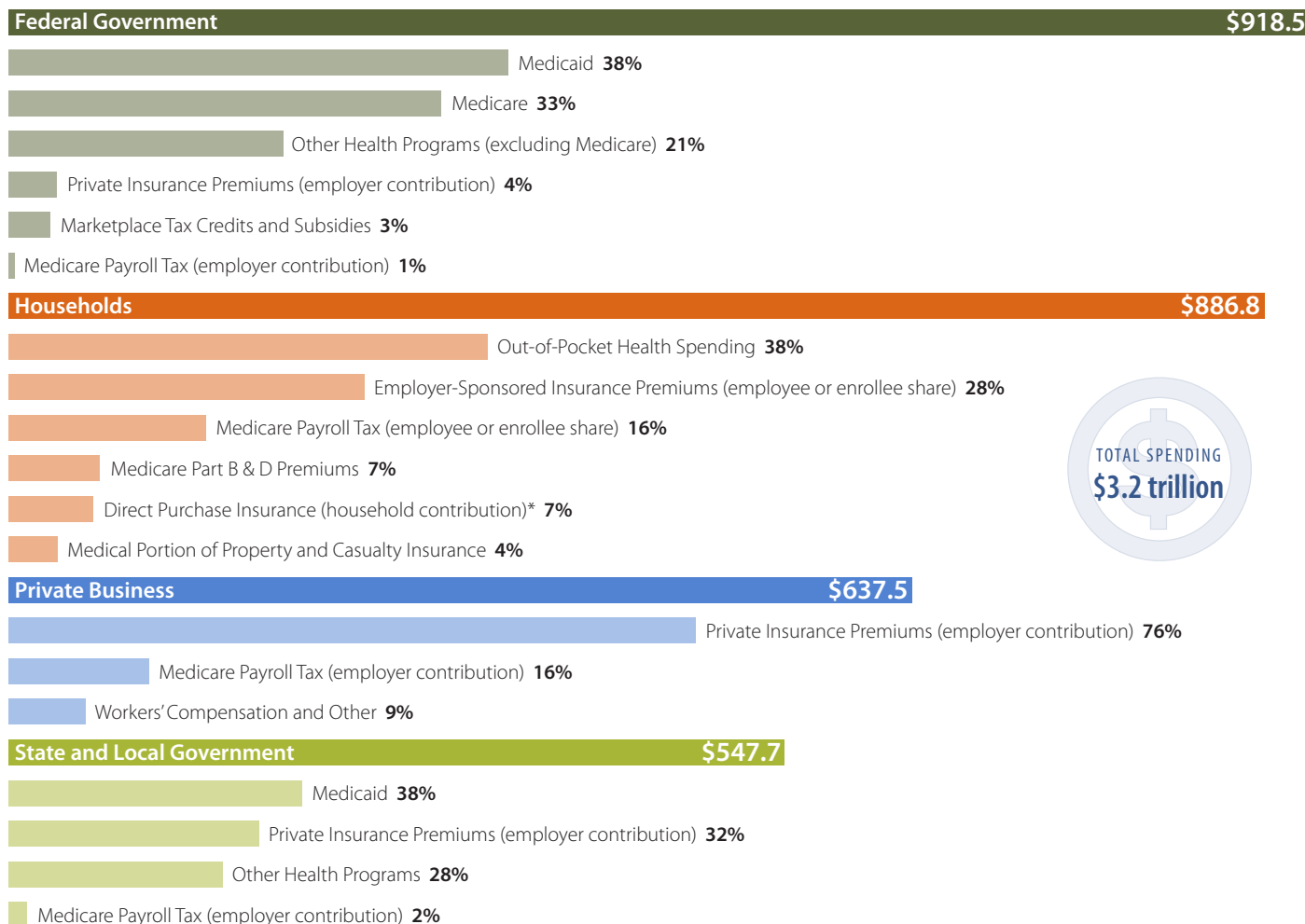
Other private contributions include philanthropy, privately funded structures and equipment, and investment income.

Private business sponsors health care through employer contributions to health insurance premiums and payroll taxes.

State and local government sponsors health care programs and pays payroll taxes and health insurance premiums for its workers.

Health Spending Distribution, Sponsor Detail

United States, 2015



*Includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other health programs* includes Department of Defense and Veterans Affairs health care, maternal and child health, and Children's Health Insurance Program (CHIP). *Marketplace* is individual coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. Medicaid buy-in premiums for Medicare are reflected under Medicaid. Household spending figures exclude government-paid advance premium tax credit (APTC) and cost-sharing reductions (CSR). Not shown: other private revenues (\$215.1 billion), which includes philanthropy, investment income, and private investment in research, structures, and equipment. Figures may not total 100% due to rounding.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

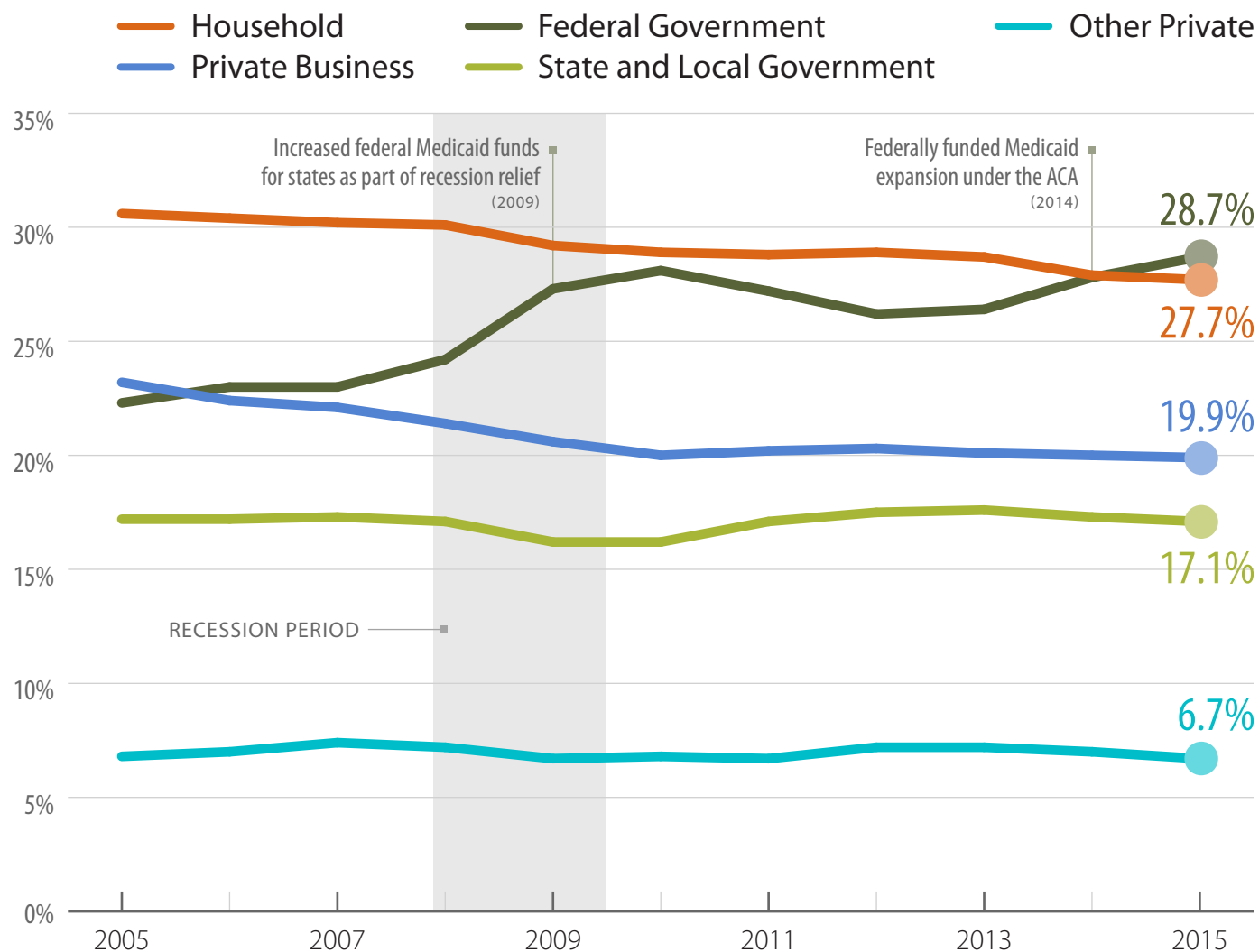
Health Care Costs 101

Sponsors

Medicaid accounted for the largest share (38%) of federal spending on health care. Marketplace premium tax credits and subsidies totaled 3% of federal health spending. Out-of-pocket spending represented the largest health expense for households at 38%. Employer contributions to workers' health insurance premiums accounted for 76% of private business health spending.

Health Spending Distribution, by Sponsor

United States, 2005 to 2015



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See page 34 for additional detail on factors contributing to the increase in the federal share of health spending. See page 17 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Sponsors

In 2015, the federal government surpassed households to finance the largest share (29%) of health spending. The federal government's spending grew 21% (\$159 billion) across 2014 and 2015, driven by federal Medicaid spending. This coincided with the coverage of an additional 10 million Medicaid enrollees under the ACA expansion.

Health Spending Summary, by Sponsor

United States, 2014 to 2015 and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH RATE*		
	1995	2014	2015	1995	2014	2015	1995-2015	2014	2015
National Health Expenditures	\$1,021.6	\$3,029.3	\$3,205.6	100%	100%	100%	5.9%	5.3%	5.8%
Household	328.1	846.6	886.8	32%	28%	28%	5.1%	2.6%	4.7%
Private Business	233.4	605.6	637.5	23%	20%	20%	5.2%	4.7%	5.3%
Other Private Revenues	78.6	210.5	215.1	8%	7%	7%	5.2%	1.4%	2.2%
Federal Government	215.6	843.1	918.5	21%	28%	29%	7.5%	11.0%	8.9%
State and Local Government	166.0	523.4	547.7	16%	17%	17%	6.2%	3.2%	4.6%

*Growth rate for 1995-2015 is average annual; others are annual increases.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other private revenue* includes philanthropy, privately funded structures and equipment, and investment income. See page 17 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

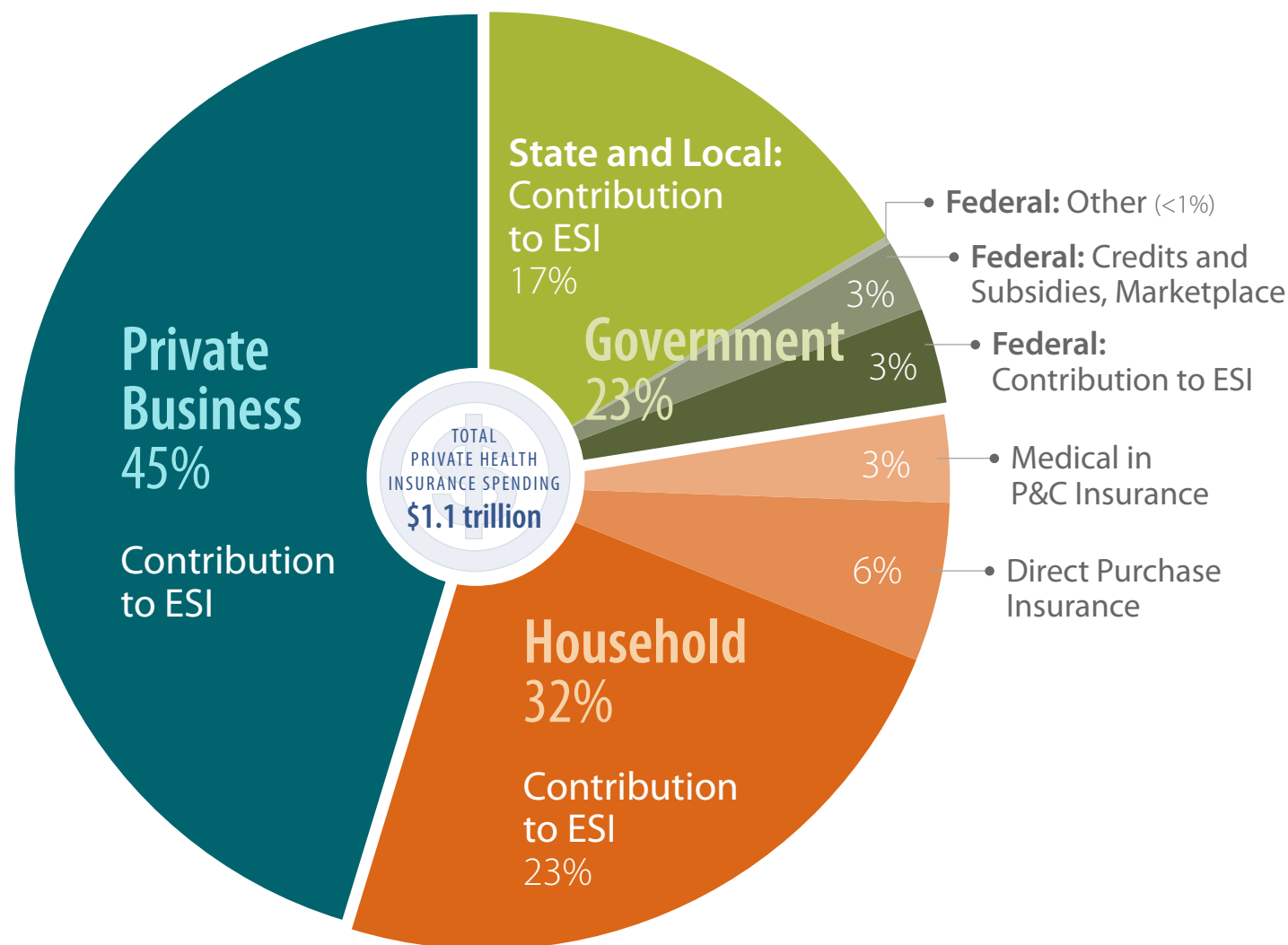
Health Care Costs 101

Sponsors

Over the past 20 years, the federal government has become the largest sponsor of health care, with its share of spending rising from 21% to 29%. The share of spending sponsored by private business and households declined during this period.

Sponsors of Private Health Insurance

United States, 2015



Notes: *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *ESI* refers to employer-sponsored insurance; *P&C* refers to property and casualty insurance. *Direct purchase insurance* includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. Segments don't sum to 100% due to rounding.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

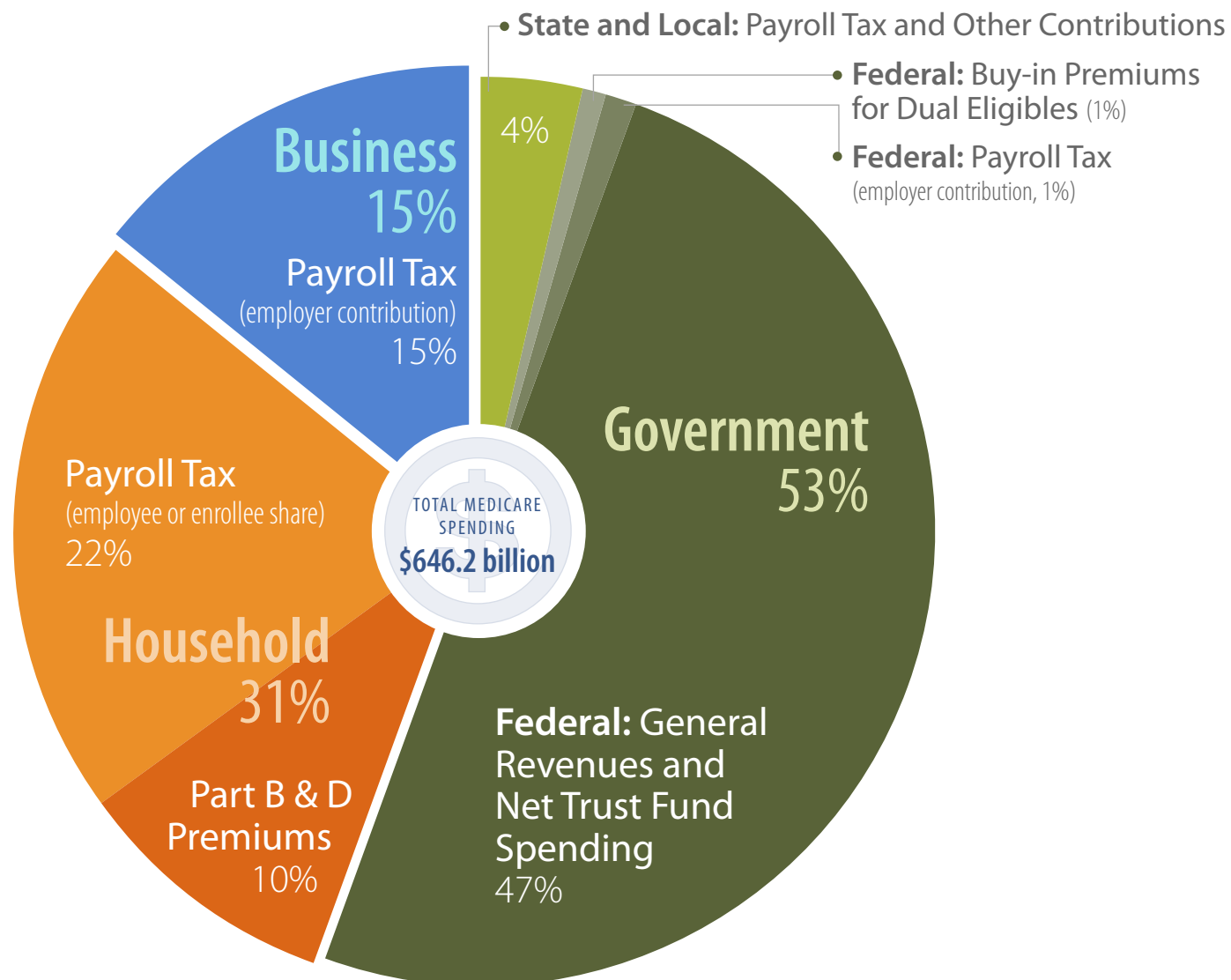
Health Care Costs 101

Sponsors

Private business and households were the largest funders of private health insurance, accounting for 45% and 32%, respectively. In addition to spending on government workers' premiums, the federal government funded ACA-related individual market subsidies (the premium tax credits and cost-sharing subsidies), which accounted for 3% (\$29 billion) of all spending on private health insurance.

Sponsors of Medicare

United States, 2015



Health Care Costs 101

Sponsors

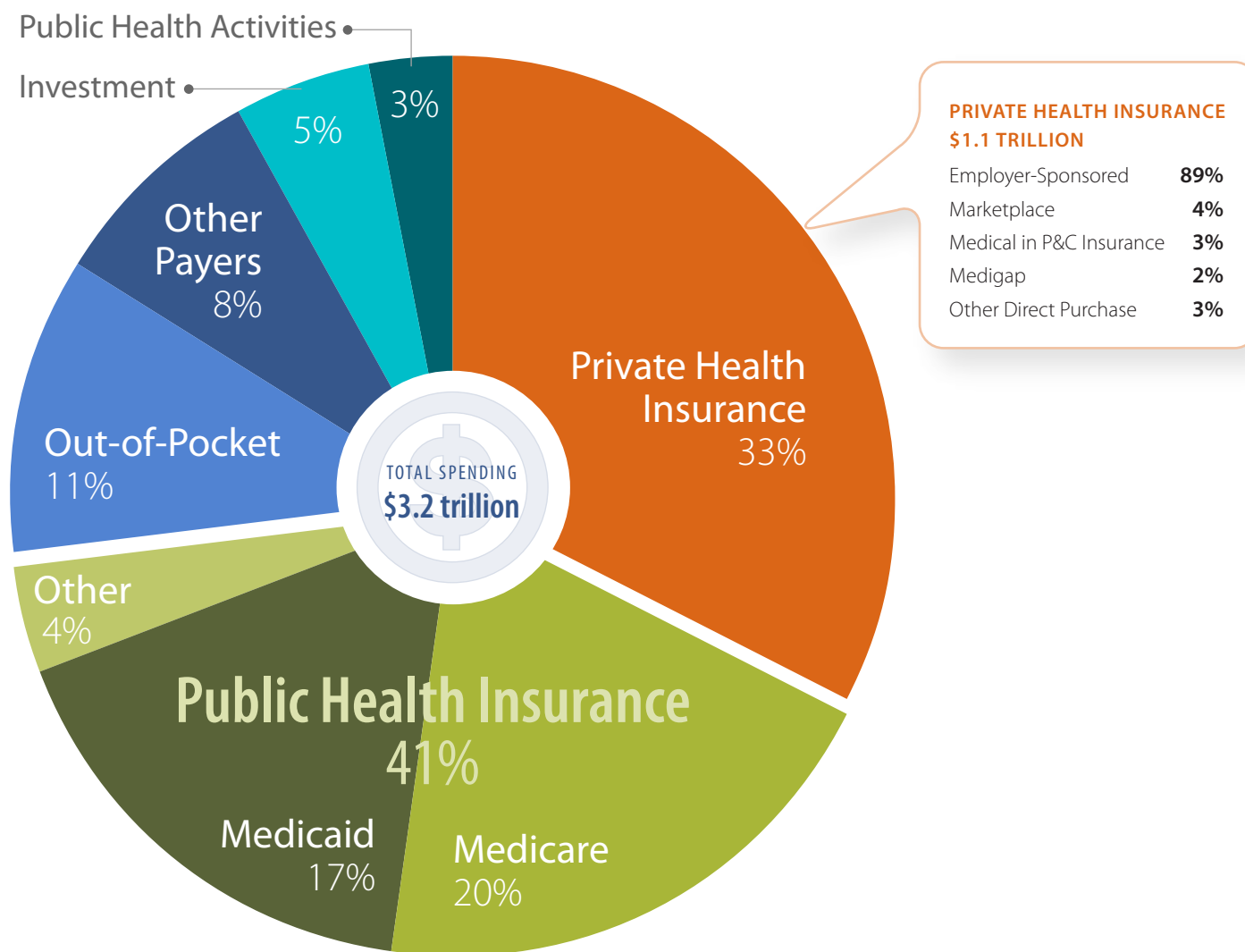
Government funds paid for more than half of Medicare spending. Households paid for nearly one-third, through Medicare premiums and payroll taxes.

Notes: *Sponsors* are the entities that are ultimately responsible for financing the health care bill. Segments may not sum to their category subtotals due to rounding.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Spending Distribution, by Payer

United States, 2015



Health Care Costs 101

Payment Sources

In 2015, public health insurance paid the largest share of health care costs (41%). Medicare accounted for 20% of all health spending, while Medicaid paid for slightly less (17%).* Private health insurance paid for one-third of health spending, and consumers' out-of-pocket spending accounted for 11%.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Investment includes research, structures, and equipment.

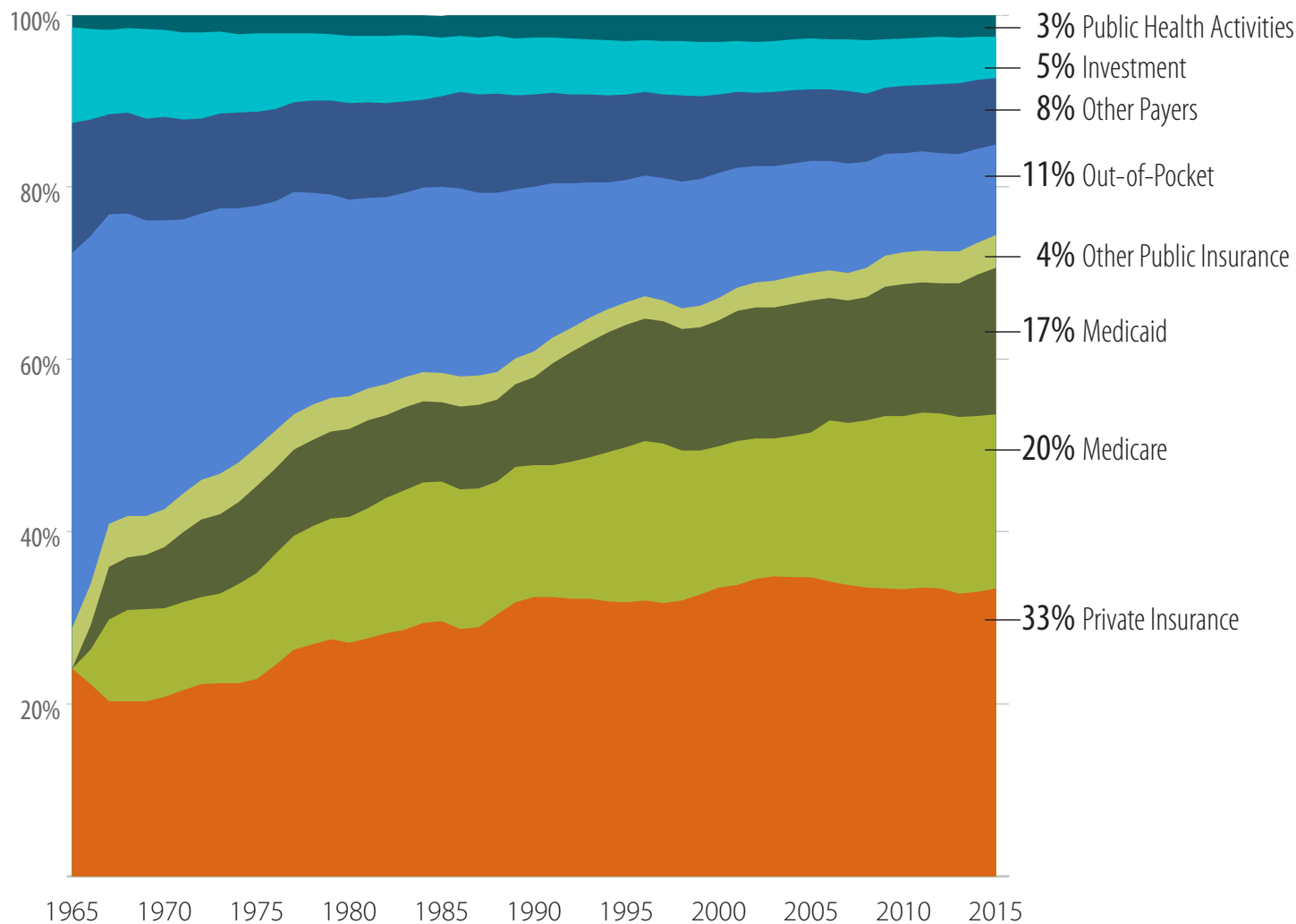
*Medicaid's share of spending rose from 15.5% in 2013 to 17.0% in 2015 as Medicaid eligibility expanded under the ACA.

Notes: *Health spending* refers to national health expenditures. *Other* is other public health insurance. *P&C* refers to property and casualty. Segments don't sum to 100% due to rounding. See page 23 for historical distribution.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Payment Sources

United States, 1965 to 2015



Note: *Health spending* refers to national health expenditures.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Payment Sources

Over time, out-of-pocket spending has shrunk as a share of all health spending as Medicare and Medicaid's share has expanded.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Health Spending Distribution, by Payer

United States, 2013 to 2015 and 10-Year Projection

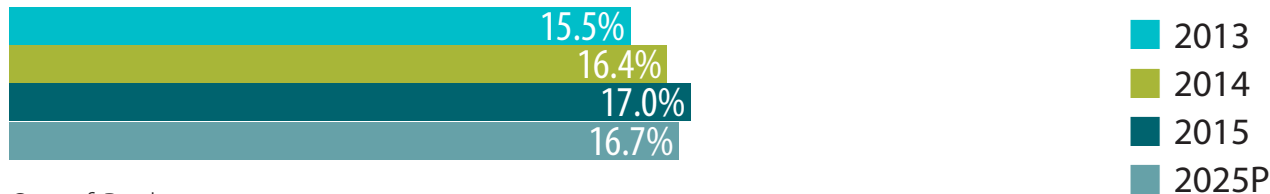
Private Health Insurance



Medicare



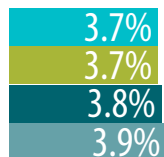
Medicaid



Out-of-Pocket



Other Public Health Insurance



Health Care Costs 101

Payment Sources

Medicaid's share of health spending edged up in 2014 and 2015 as the ACA was introduced. During this period, eligibility expansion increased Medicaid enrollment by 10 million. Medicare's share of spending is projected to increase in 2025 as the population ages.

Notes: *Health spending* refers to national health expenditures. Projections shown as *P* and based on current law as of December 2016. See page 23 for historical distribution. Not shown: other payers, public health activities, and investment, which totaled 16.2%, 15.6%, 15.1%, and 14.0% in 2013, 2014, 2015, and 2025P, respectively.

Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

Health Spending Summary, by Payer

United States, 2014 to 2015 and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH / DECLINE*		
	1995	2014	2015	1995	2014	2015	1995-2015	2014	2015
National Health Expenditures	\$1,021.6	\$3,029.3	\$3,205.6	100%	100%	100%	5.9%	5.3%	5.8%
Out-of-Pocket	144.8	329.7	338.1	14.2%	10.9%	10.5%	4.3%	1.4%	2.6%
Private Health Insurance	325.3	1,000.0	1,072.1	31.8%	33.0%	33.4%	6.1%	5.8%	7.2%
Medicare	184.4	618.5	646.2	18.0%	20.4%	20.2%	6.5%	4.8%	4.5%
Medicaid	144.9	497.2	545.1	14.2%	16.4%	17.0%	6.9%	11.6%	9.7%
• Federal	85.9	305.5	344.0	8.4%	10.1%	10.7%	7.2%	18.9%	12.6%
• State	58.9	191.7	201.1	5.8%	6.3%	6.3%	6.3%	1.7%	4.9%
Other Public Health Insurance	26.9	112.6	121.1	2.6%	3.7%	3.8%	7.8%	6.6%	7.5%
Other Payers	100.9	241.5	247.2	9.9%	8.0%	7.7%	4.6%	2.7%	2.4%
Public Health Activities	31.0	79.0	80.9	3.0%	2.6%	2.5%	4.9%	1.4%	2.4%
Investment	63.5	150.9	154.7	6.2%	5.0%	4.8%	4.6%	-1.4%	2.6%

*Growth rate for 1995-2015 is average annual; others are annual changes.

Notes: *Health spending* refers to national health expenditures. Figures may not sum due to rounding.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Payment Sources

In 2014 and 2015, Medicaid's spending grew the fastest of all payers, increasing 11.6% and 9.7% each year, respectively, as the ACA expanded Medicaid eligibility. Over the past 20 years, the share of out-of-pocket spending fell, reaching 10.5% in 2015.

PAYER DEFINITIONS

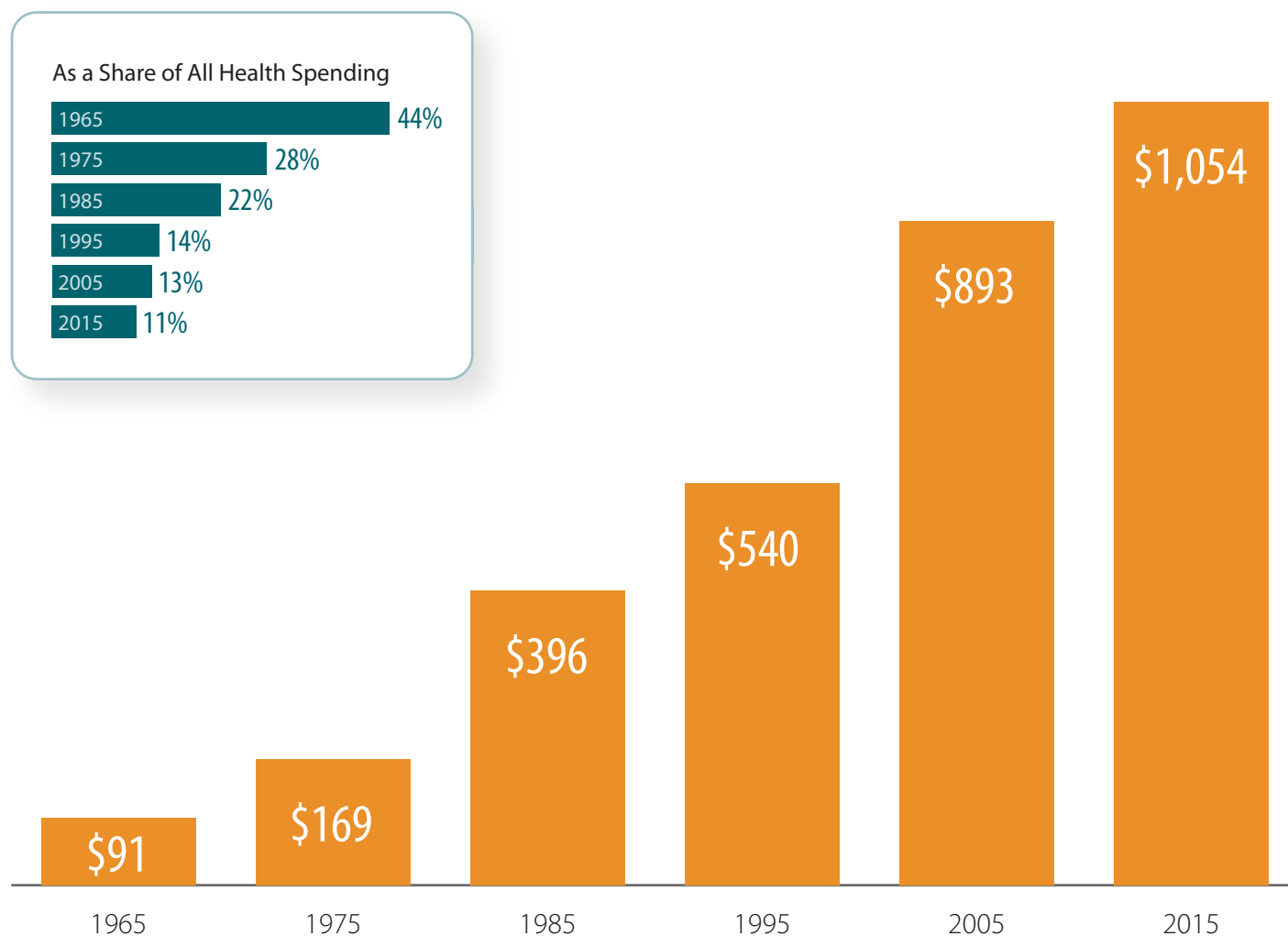
Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Out-of-Pocket Spending per Capita

United States, 1965 to 2015, Selected Years



Notes: *Health spending* refers to national health expenditures. Figures not adjusted for inflation.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

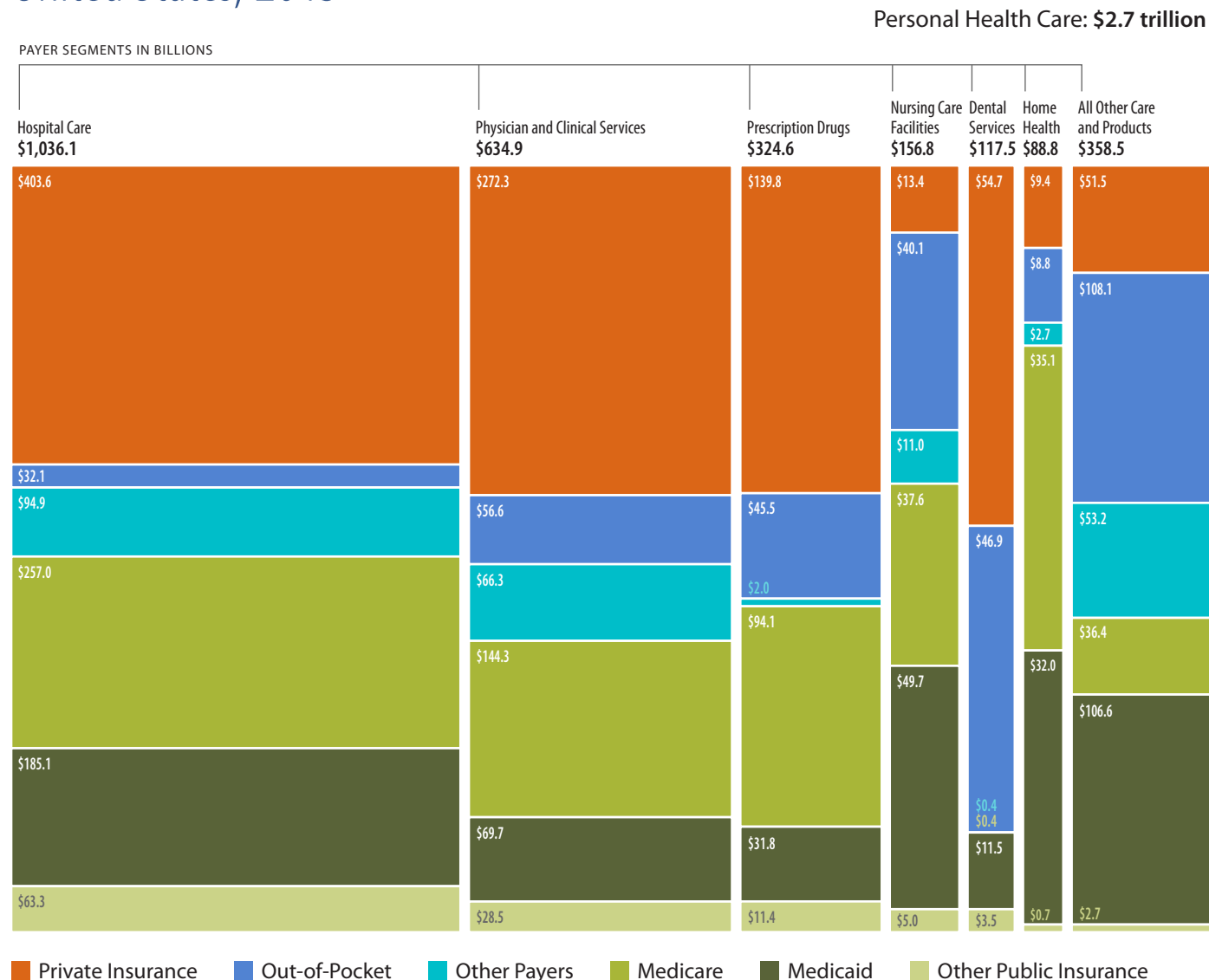
Health Care Costs 101

Payment Sources

Out-of-pocket spending on health care reached \$1,054 per person in 2015. Although the dollars spent out of pocket have risen steadily, out-of-pocket's share of total health spending has declined. In 1965, the \$91 spent out of pocket accounted for 44% of the \$209 per capita health spending. In 2015 the average \$1,054 spent out of pocket was only 11% of the \$9,990 spent per capita.

Payer Mix, by Service Category

United States, 2015



Notes: *All other care and products* consists of durable medical equipment, nondurable medical products, other professional services, and other health, residential, and personal care. Segments may not sum due to rounding. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Payment Sources

The payer mix for health care differs by service provided. Some 43% of drugs and physician services were paid for by private insurance. Over half of nursing home spending was paid for by Medicaid or Medicare. Most dental services are paid for by consumers and private insurance.

For an interactive look at how the payer mix by service category has changed over time, visit www.chcf.org/hcc101.

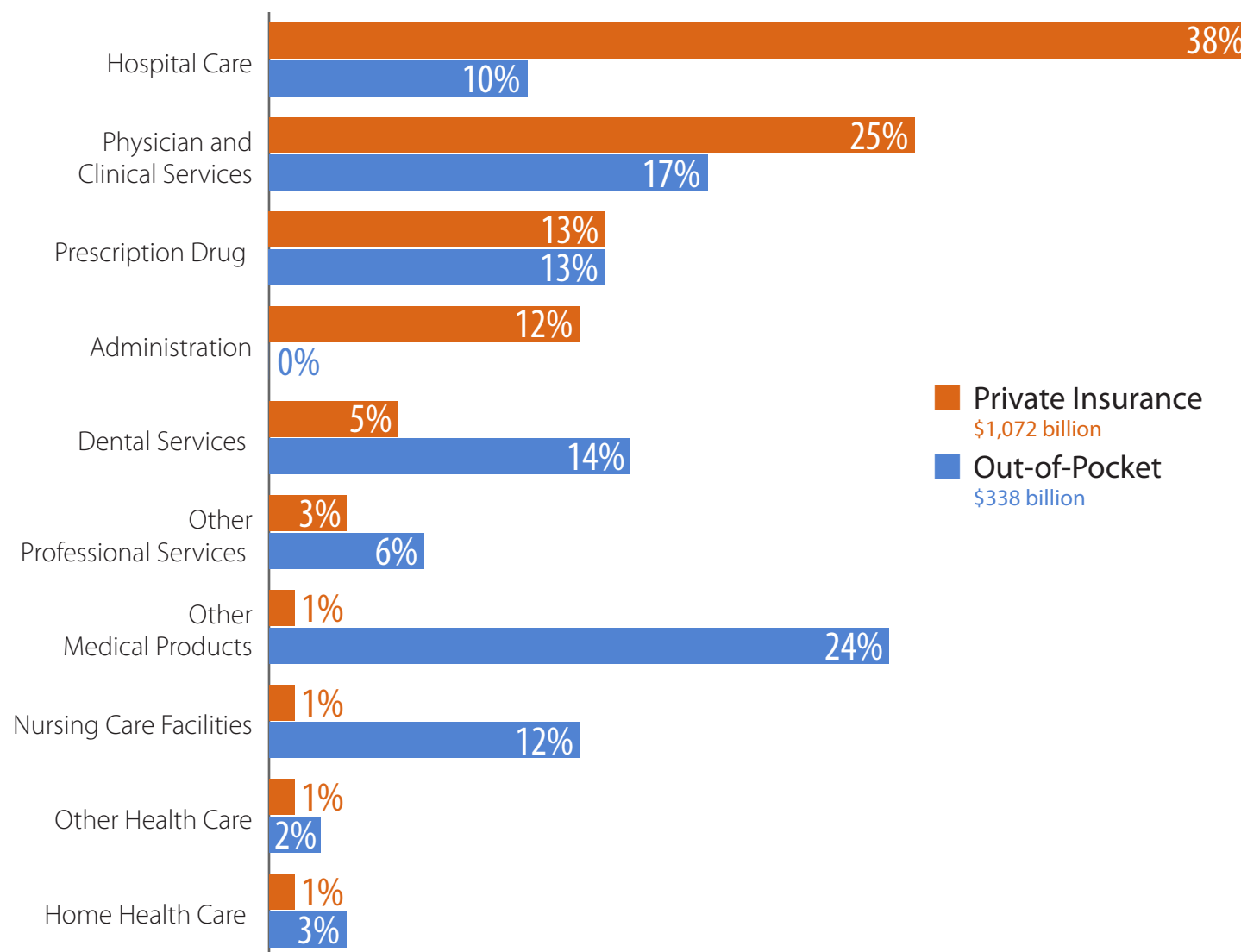
PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Spending Distribution, Private Insurance vs. Out-of-Pocket United States, 2015



Notes: *Health spending* refers to national health expenditures. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Payment Sources

Hospital care was the largest expense category for private health insurance and accounted for 38% of total private insurance spending. In contrast, other medical products, which includes items such as eyeglasses and over-the-counter medications, was the largest category for out-of-pocket spending. Physician and clinical services was the second largest category for both private insurance and out-of-pocket spending.

SPENDING CATEGORY DEFINITIONS

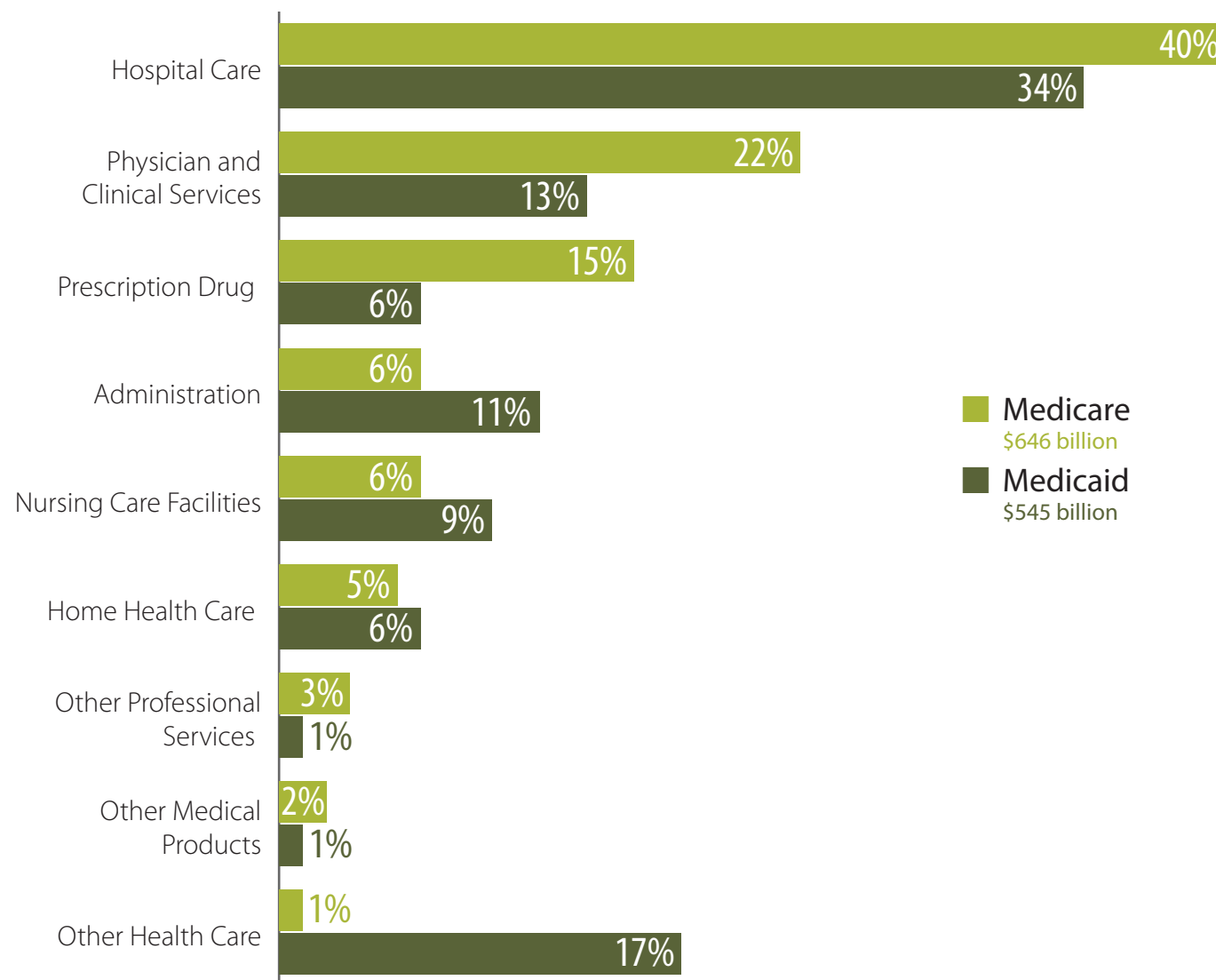
Administration includes the administrative costs of government health care programs such as Medicare and Medicaid as well as the net cost of health insurance.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

Spending Distribution, Medicare vs. Medicaid

United States, 2015



Notes: *Health spending* refers to national health expenditures. Not shown: dental services (<1% of Medicare and 2% of Medicaid). For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Payment Sources

The largest expense category for both Medicare and Medicaid was hospital care. Medicaid's second-largest spending category, at \$92 billion (17% of spending), was other health care, which includes Medicaid home and community-based waiver programs that provide alternatives to long-term institutional services.

SPENDING CATEGORY DEFINITIONS

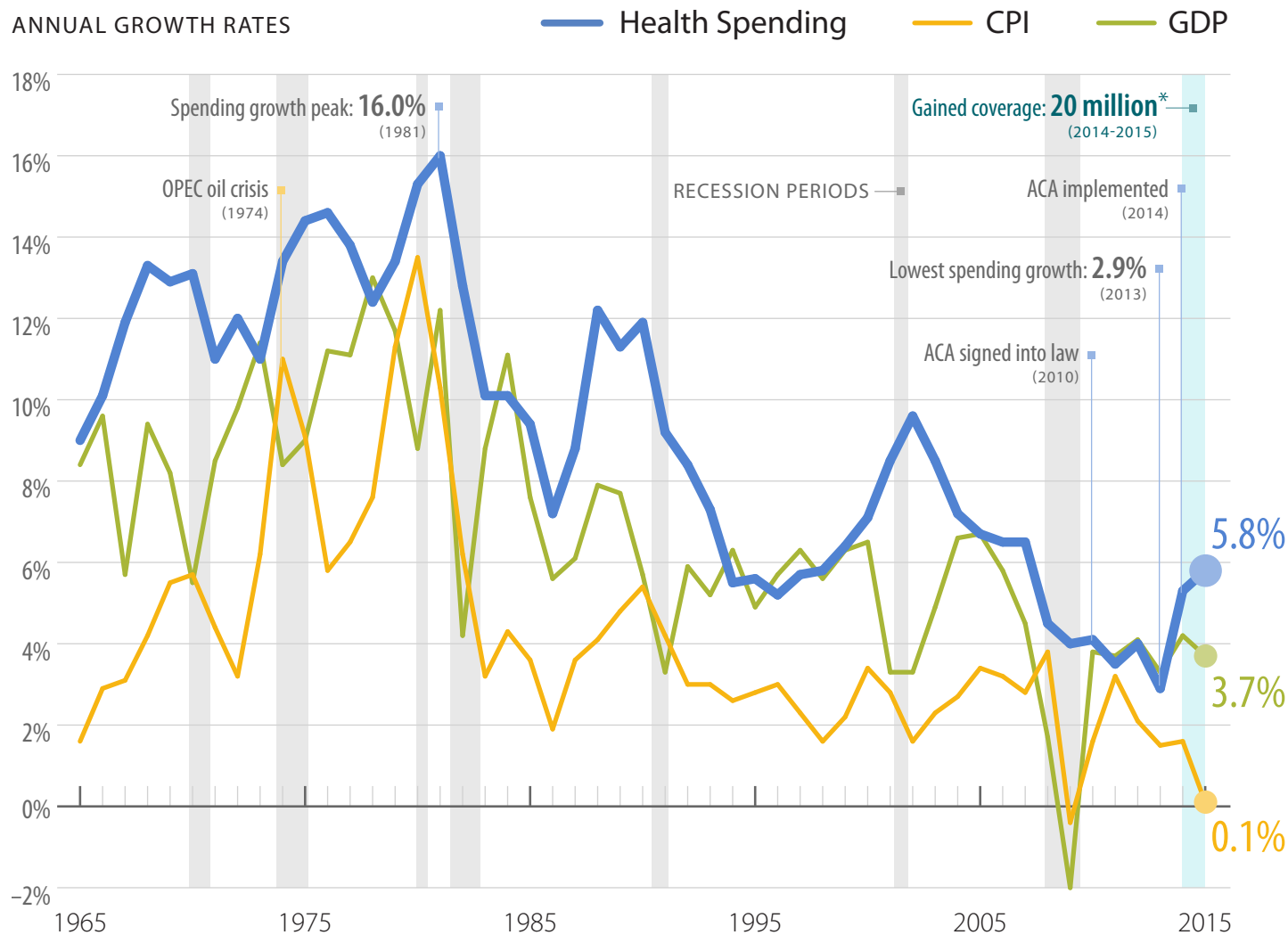
Administration includes the administrative costs of government health care programs such as Medicare and Medicaid as well as the net cost of health insurance.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

Health Spending vs. Inflation and the Economy

United States, 1965 to 2015



*10 million additional Medicaid enrollees (+17.5%); 10 million additional privately insured (+5.2%).

Notes: *Health spending* refers to national health expenditures. *CPI* refers to consumer price index and *GDP* refers to gross domestic product. See page 14 for detail on the components of health spending growth.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

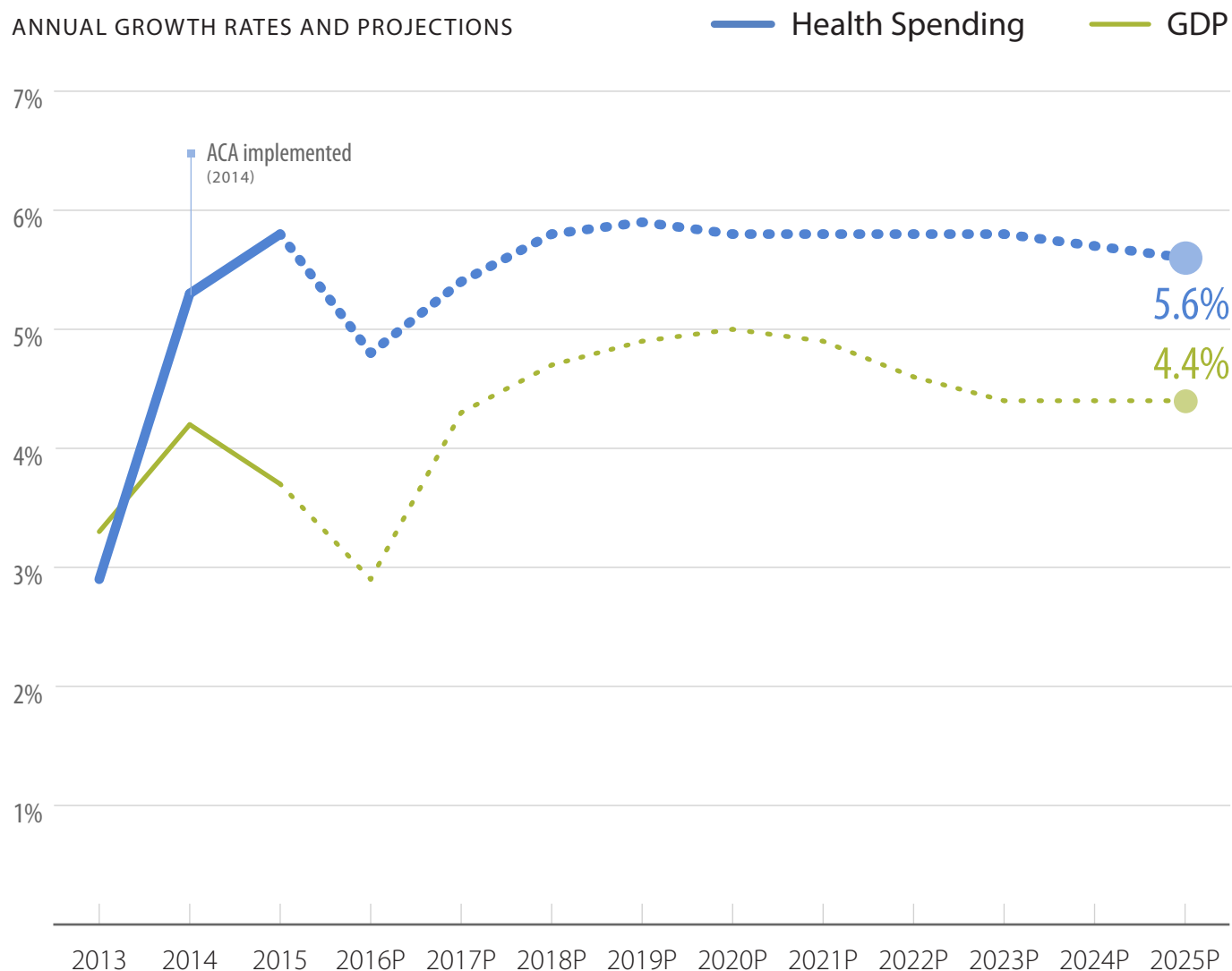
Growth Trends

Over the past 50 years, health spending has outpaced inflation and, in most years, economic growth. From 2010 to 2013, health care and the economy grew at a similar rate — a time of historically low increases in health care spending. Health spending growth in 2014 and 2015 accelerated as millions of people gained health insurance coverage.

Health Spending vs. the Economy

United States, 2013 to 2015 and 10-Year Projections

ANNUAL GROWTH RATES AND PROJECTIONS



Notes: *Health spending* refers to national health expenditures. *GDP* refers to gross domestic product. Projections shown as *P* and based on current law as of December 2016.

Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

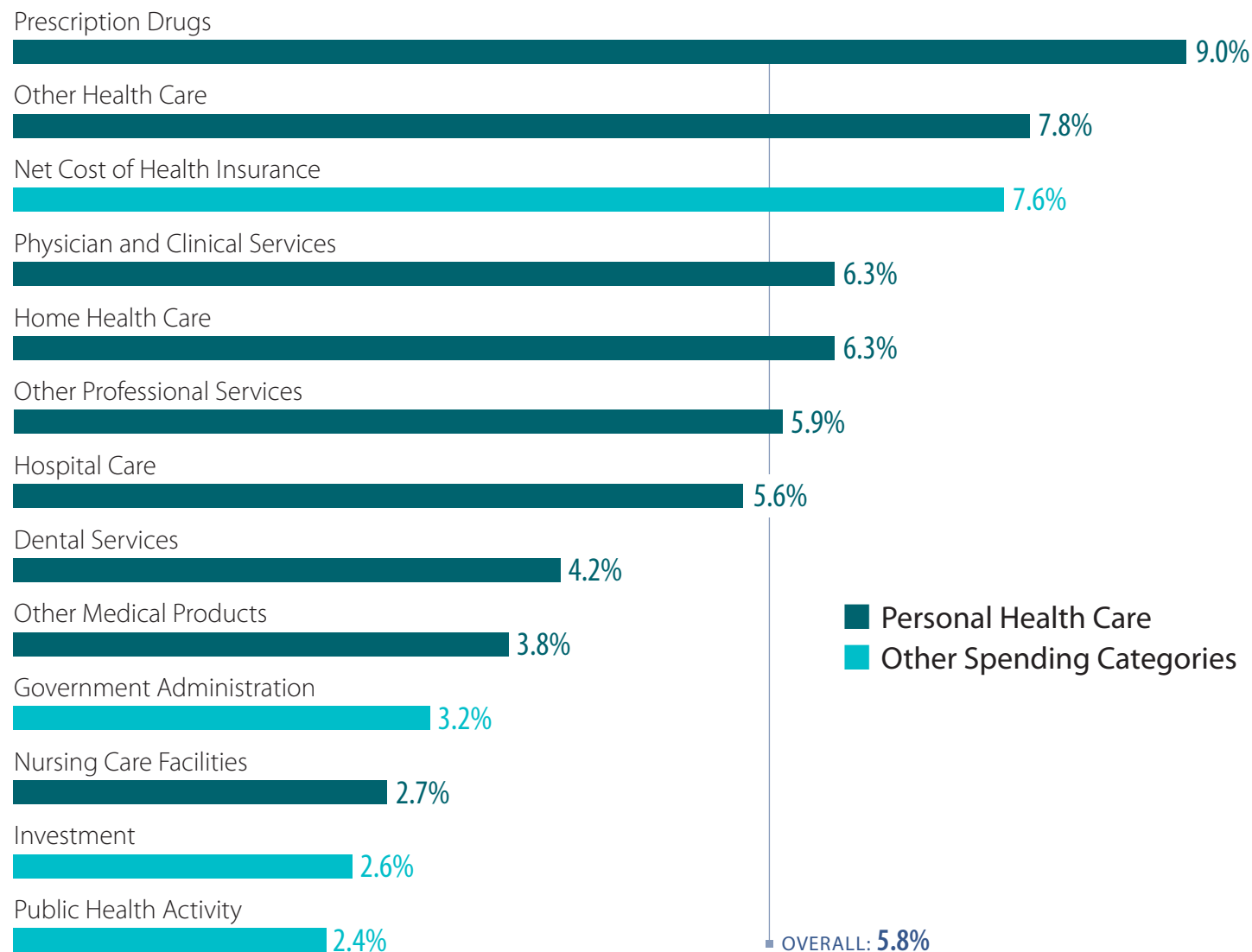
Health Care Costs 101

Growth Trends

From 2016 to 2025, health spending is projected to grow at an average rate of 5.6% per year, 1.2 percentage points faster than gross domestic product (GDP). Based on these projections, health care is expected to represent one fifth of the economy in 2025.

Growth Rates, by Spending Category

United States, 2015



Notes: For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.
 Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Growth Trends

Prescription drugs was the fastest growing spending category in 2015, growing by 9.0%. Spending increases on prescription drugs were due in part to new medicines* and price growth for existing brand-name drugs. The volume of prescriptions dispensed increased by only 1.2%.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of health care programs such as Medicare and Medicaid.

Net cost of health insurance refers to the difference between private health insurance expenditures and benefits, and includes administrative costs, additions to reserves, rate credits and dividends, premium taxes and fees, and profits or losses.

Other health care refers to the category other health, residential, and personal care.

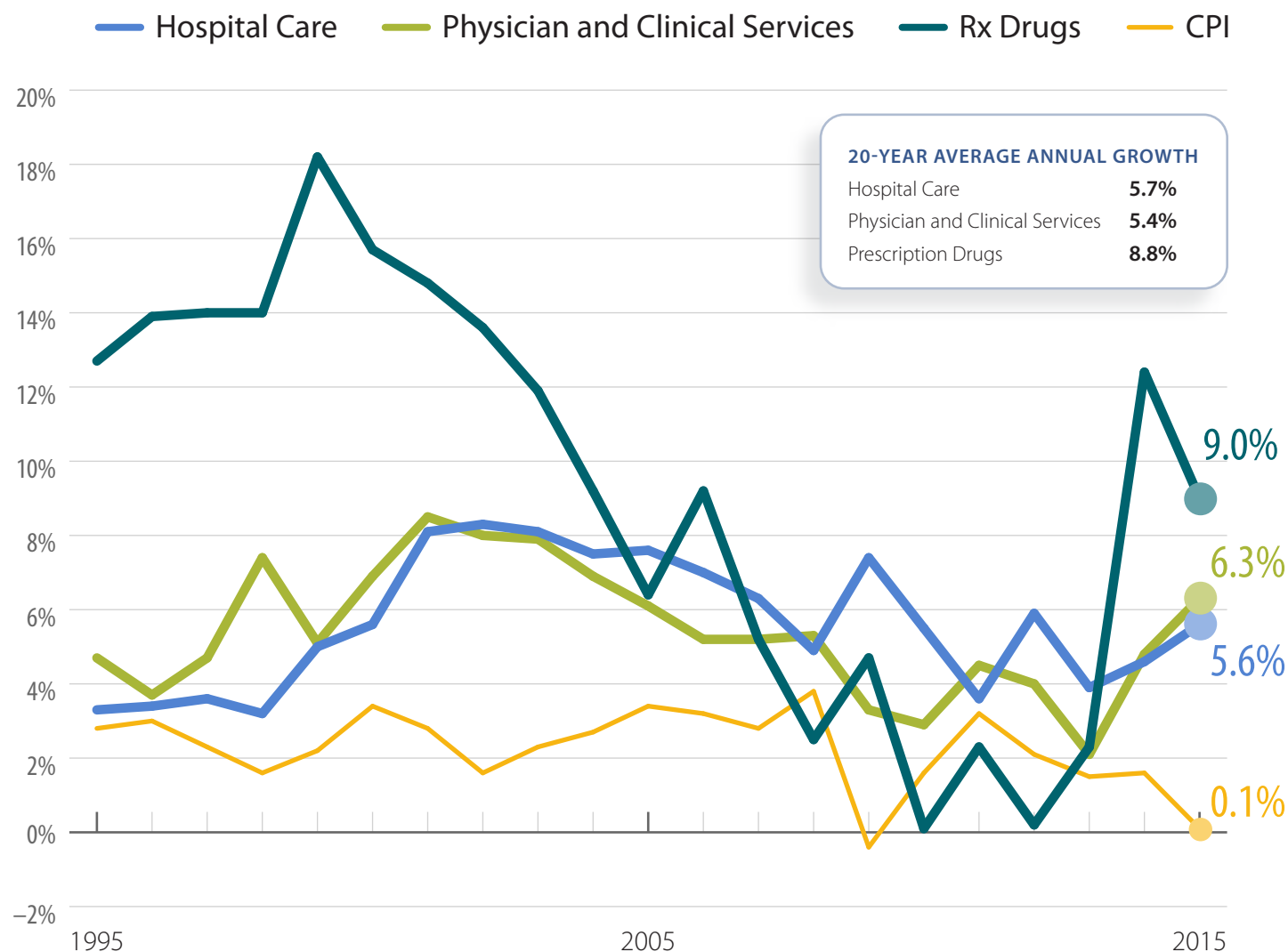
Other medical products refers to durable medical equipment and nondurable medical products.

Other professional services consists of care provided in establishments operated by health care providers other than physicians or dentists, such as chiropractors, podiatrists, and speech therapists.

*In 2015, 45 new drugs were approved, more than in any year in a decade.

Annual Growth Rates, Largest Spending Categories

United States, 1995 to 2015



Notes: Health spending refers to national health expenditures. CPI is consumer price index.

Source: Author calculations based on National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Growth Trends

Over the past 20 years, prescription drug spending has been more volatile than other major spending categories, and on average its growth has been higher than other major categories. Spending on prescription drugs surged in 2014 after a long period of slow growth; 2015 growth was again high, despite some deceleration. The pace of physician and hospital growth increased in 2014 and 2015.

Annual Growth in Health Spending, by Sponsor

United States, 2015

Federal Government

8.9%

Private Business

5.3%

Household*

4.7%

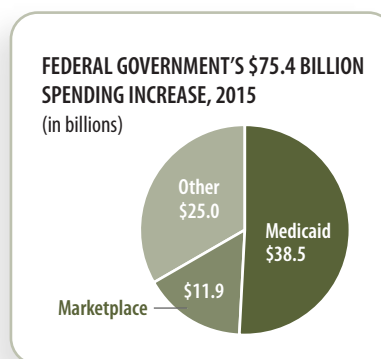
State and Local Government

4.6%

Other Private Revenue

2.2%

OVERALL: 5.8%



Health Care Costs 101

Growth Trends

In 2015, health spending by the federal government grew faster than health spending by households, private business, and local governments as ACA marketplace and Medicaid expansion continued. Federal ACA-related spending in 2015 included premium and cost-sharing subsidies for many marketplace enrollees and 100% funding of Medicaid expansion.

*See page 35 for detail on changes in household spending.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other private revenue* includes philanthropy, privately funded structures and equipment, and investment income. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. See pages 16 and 19 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Growth in Household Health Care Spending

United States, 2015

Direct Purchase Insurance (household contribution)

9.5%

Employer-Sponsored Insurance (employee share)

6.9%

Medical Portion of Property and Casualty Insurance

6.6%

Medicare Payroll Tax (employee or enrollee share)

5.4%

Out-of-Pocket Health Spending

2.6%

Medicare Part B and D Premiums

1.9%

OVERALL: 4.7%

Notes: *Health spending* refers to national health expenditures. *Direct purchase insurance* includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. Enrollment in employer-sponsored health insurance increased by 1.4%. *Household health care spending* excludes any subsidies provided for premiums or cost sharing by the ACA.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

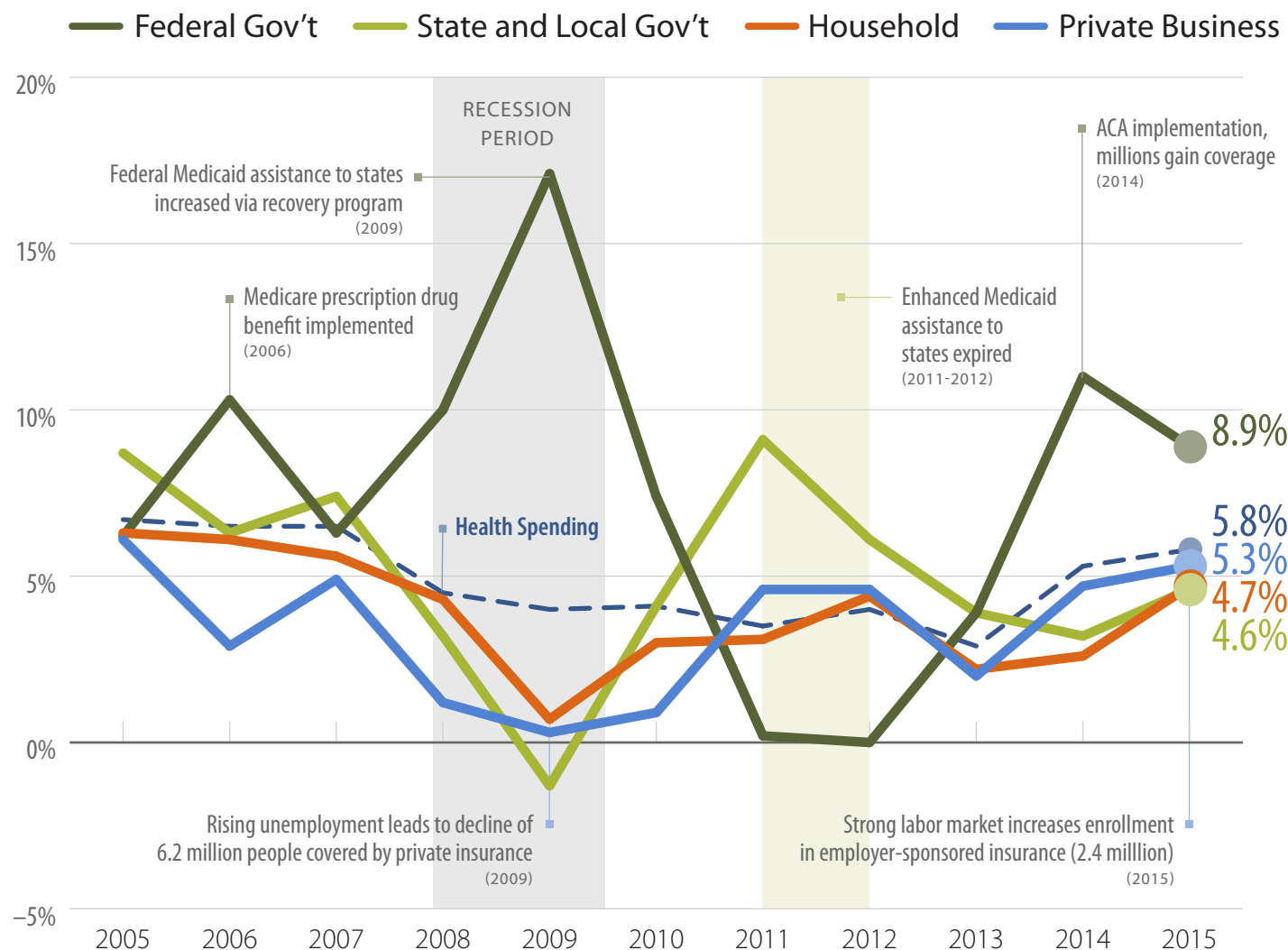
Health Care Costs 101

Growth Trends

In 2015, household spending on direct purchase insurance — through the marketplace, off exchange, and Medigap — increased 9.5%, making it the fastest-growing component of household health care spending. Enrollment in direct purchase insurance also expanded, climbing 10.6% (not shown), driven by the ACA mandate for coverage. Out-of-pocket spending and spending on Medicare Part B and Part D premiums grew more slowly than the overall household average of 4.7%.

Annual Growth in Health Spending, by Sponsor

United States, 2005 to 2015



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. Not shown: other private revenues. See pie chart on page 34 for breakdown of increase in federal spending. See pages 16, 17, and 19 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Growth Trends

The impact of federal health policy decisions and economic conditions over the years can be seen in the acceleration and deceleration of health care spending. For example, the federal government funded major ACA provisions in 2014 and 2015, leading to faster growth of federal health spending than other sponsors.

Annual Change in Health Spending, by Payer

United States, 2015

Medicaid (federal)

12.6%

Other Public Health Insurance

7.5%

Private Health Insurance

7.2%

Medicaid (state)

4.9%

Medicare

4.5%

Out-of-Pocket

2.6%

Other Payers

2.4%

OVERALL: 5.8%

Notes: *Health spending* refers to national health expenditures. Not shown: public health activities (2.4%) and investment (2.6%). Medicaid overall, federal and state combined, grew 9.7%.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Growth Trends

Federal Medicaid spending grew 18.9% in 2014 (not shown) and 12.6% in 2015, the fastest rate of any payer, as the federal government funded 100% of ACA-expanded Medicaid eligibility. In contrast, state Medicaid spending grew more slowly, closer to the growth rate for overall health spending. Out-of-pocket spending grew at less than half the pace of overall spending.

PAYER DEFINITIONS

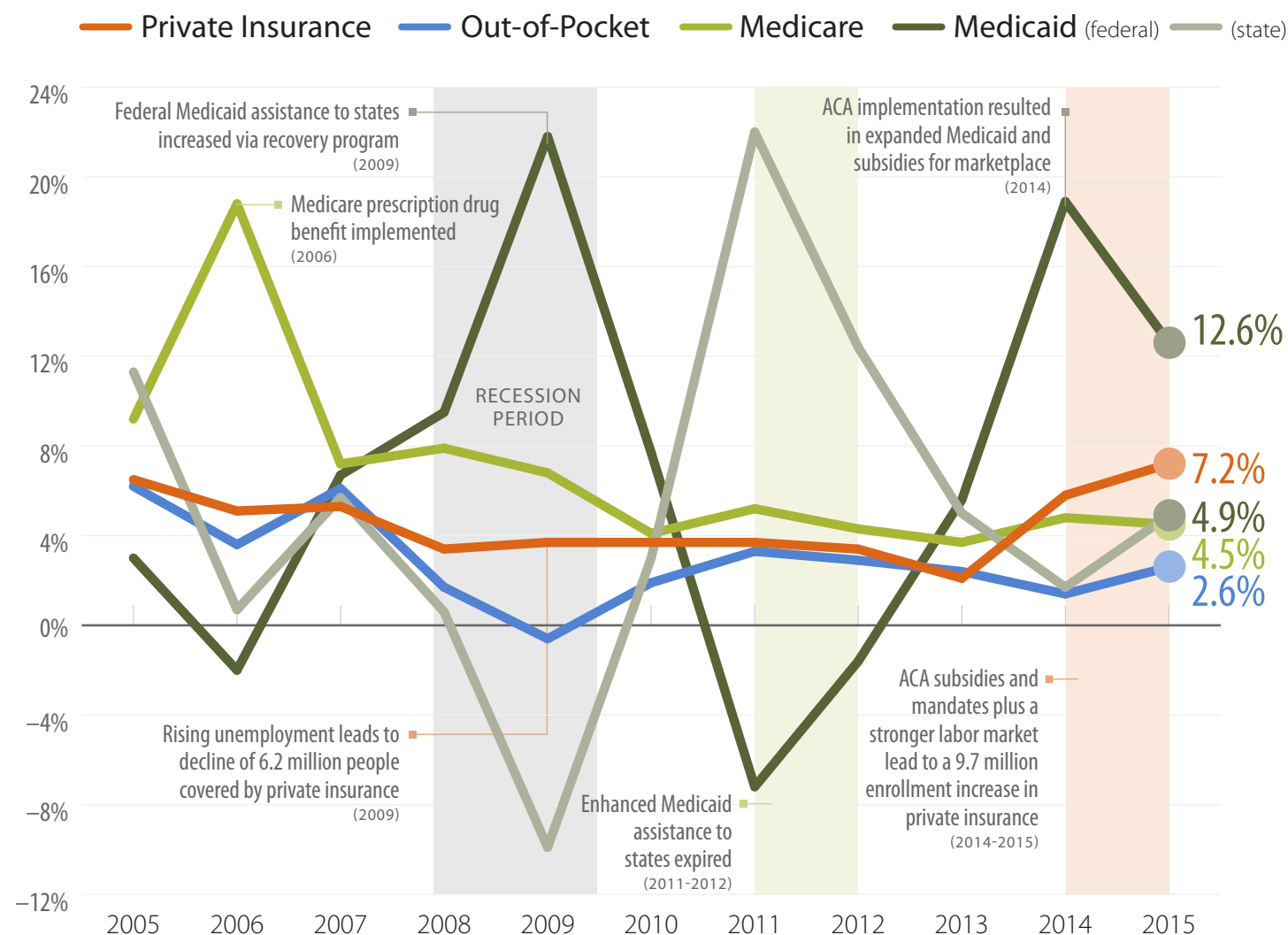
Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Annual Growth Rates, by Payer

United States, 2005 to 2015



Notes: *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as healthcare.gov and Covered California. Not shown: other public health insurance, other payers, public health activities, investment. See page 25 for historical and page 39 for projected growth rates.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

Growth Trends

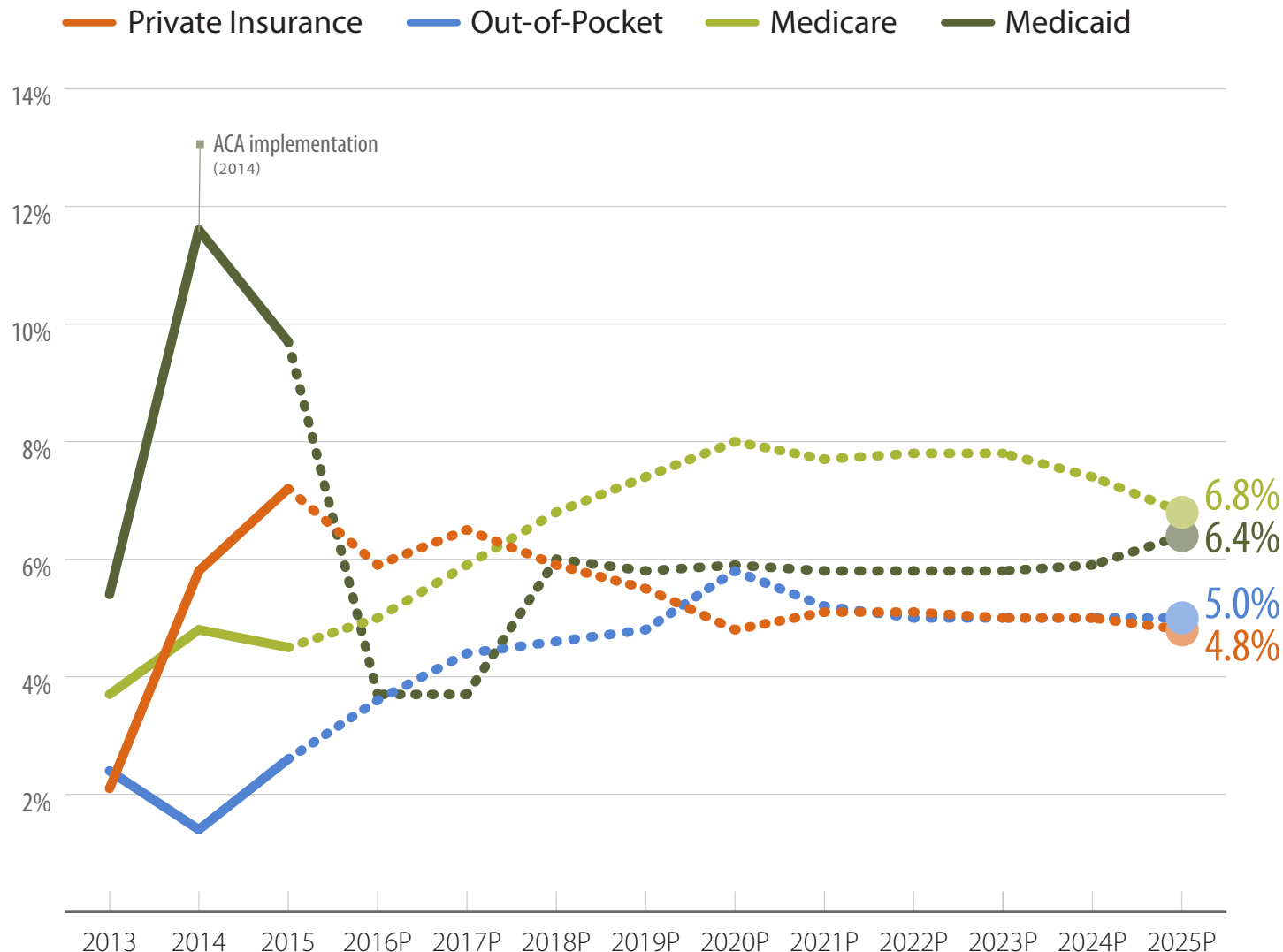
Federal and state Medicaid spending changes often mirror each other. For example, when the federal government provided increased matching dollars to states in 2009 as part of recession relief, federal Medicaid spending spiked and state Medicaid spending shrank.

PAYER DEFINITION

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Annual Growth Projections, by Payer

United States, 2013 to 2015 and 10-Year Projections



Note: Projections shown as P and based on current law as of December 2016.

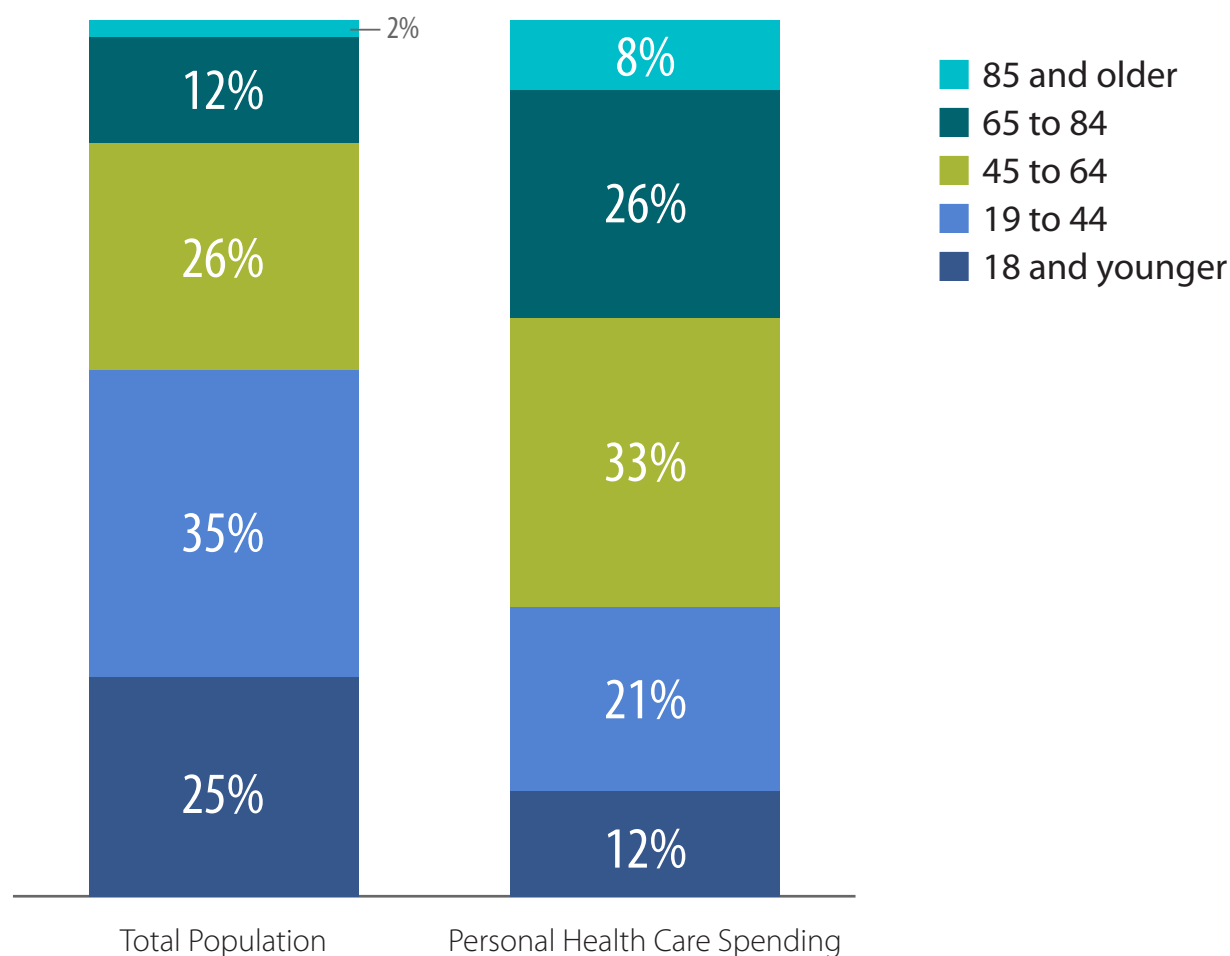
Sources: National Health Expenditure (NHE) historical data, 1960-2015 (www.cms.gov) and NHE projections, 2016-2025 (www.cms.gov), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Growth Trends

Overall health spending is projected to increase 5.6% per year between 2016 and 2025 (not shown). Medicare is expected to have the highest growth rate as baby boomers age into the program. Medicaid spending is expected to slow in 2016 as enrollment stabilizes and hospital spending slows.

Share of Population vs. Personal Health Care Spending by Age Group, United States, 2012



Health Care Costs 101

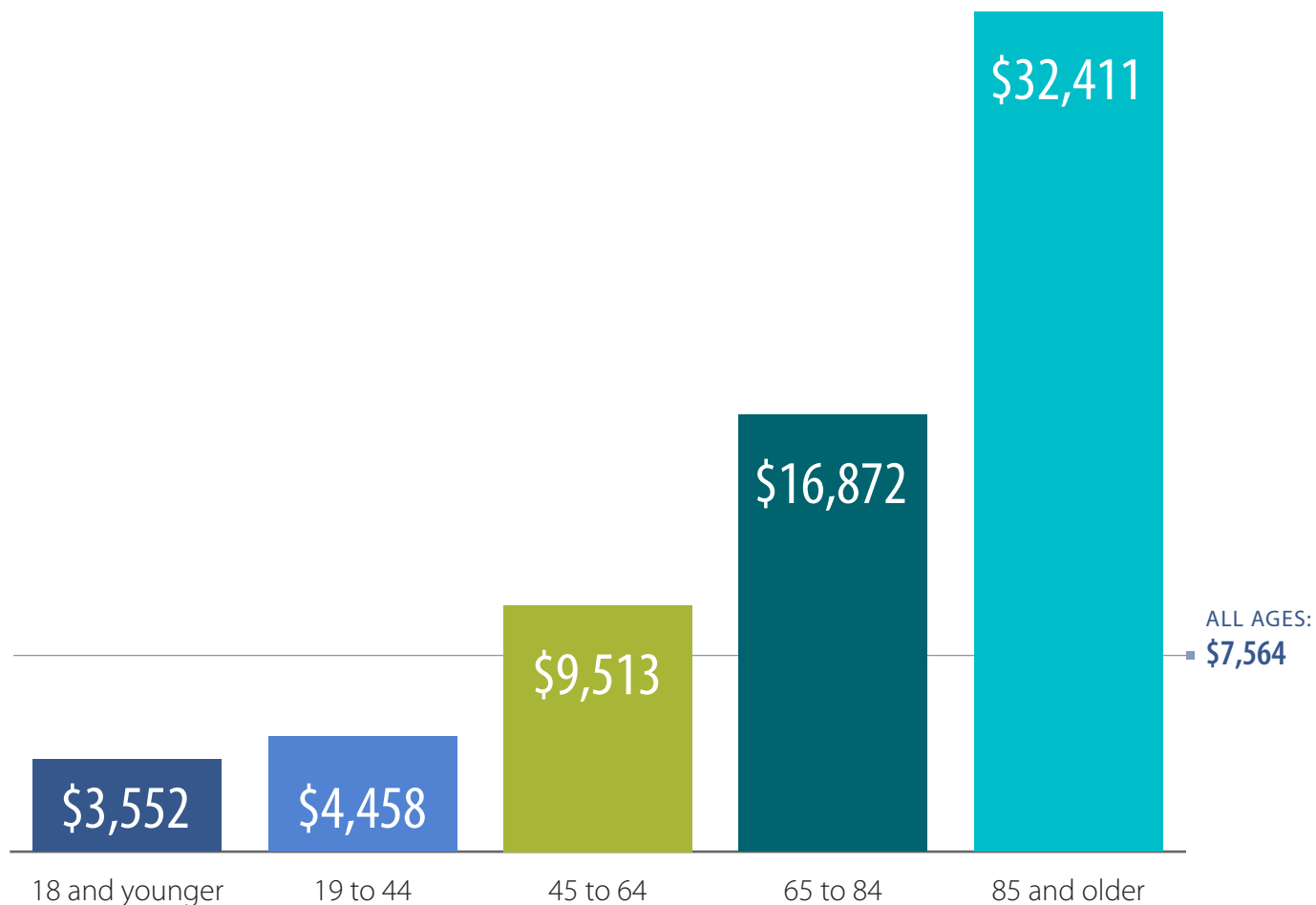
Age and Gender

The elderly population, 65 and over, made up 14% of the US population and accounted for 34% of personal health care spending. In contrast, children made up 25% of the population and accounted for 12% of personal health spending.

Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. See Appendix B for spending category detail by age group and gender.

Sources: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; unpublished data points, population by age, 2012, from Office of the Actuary, National Health Statistics Group, CMS.

Personal Health Care Spending per Capita by Age Group, United States, 2012



Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. Per capita spending for all people age 65 and older was \$18,988. See Appendix B for spending category detail by age group and gender.

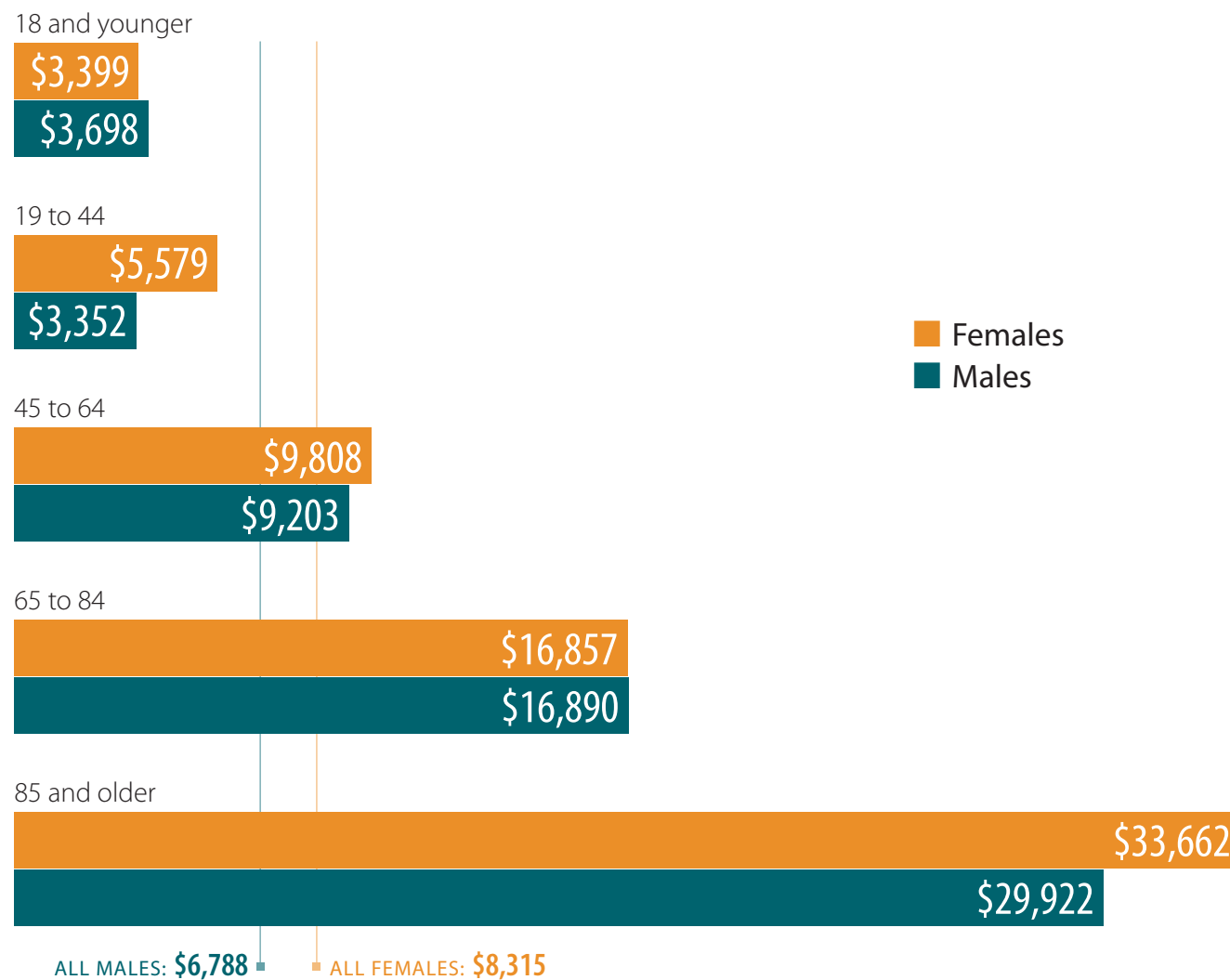
Sources: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; unpublished data points, population by age, 2012, from Office of the Actuary, CMS.

Health Care Costs 101

Age and Gender

Per capita health spending varies by age. Spending on young, working-age adults (19 to 44) totaled \$4,458 per person on personal health care, 26% more than children, but less than half as much as older working adults (45 to 64). Spending on those age 85 and over averaged \$32,411 per person.

Personal Health Care Spending per Capita by Gender and Age Group, United States, 2012



Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. Per capita spending for all people age 65 and older was \$18,988 (\$19,558 for females and \$18,251 for males). See Appendix B for spending category detail by age group and gender.

Sources: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; unpublished data points, population by age, 2012, from Office of the Actuary, CMS.

Health Care Costs 101

Age and Gender

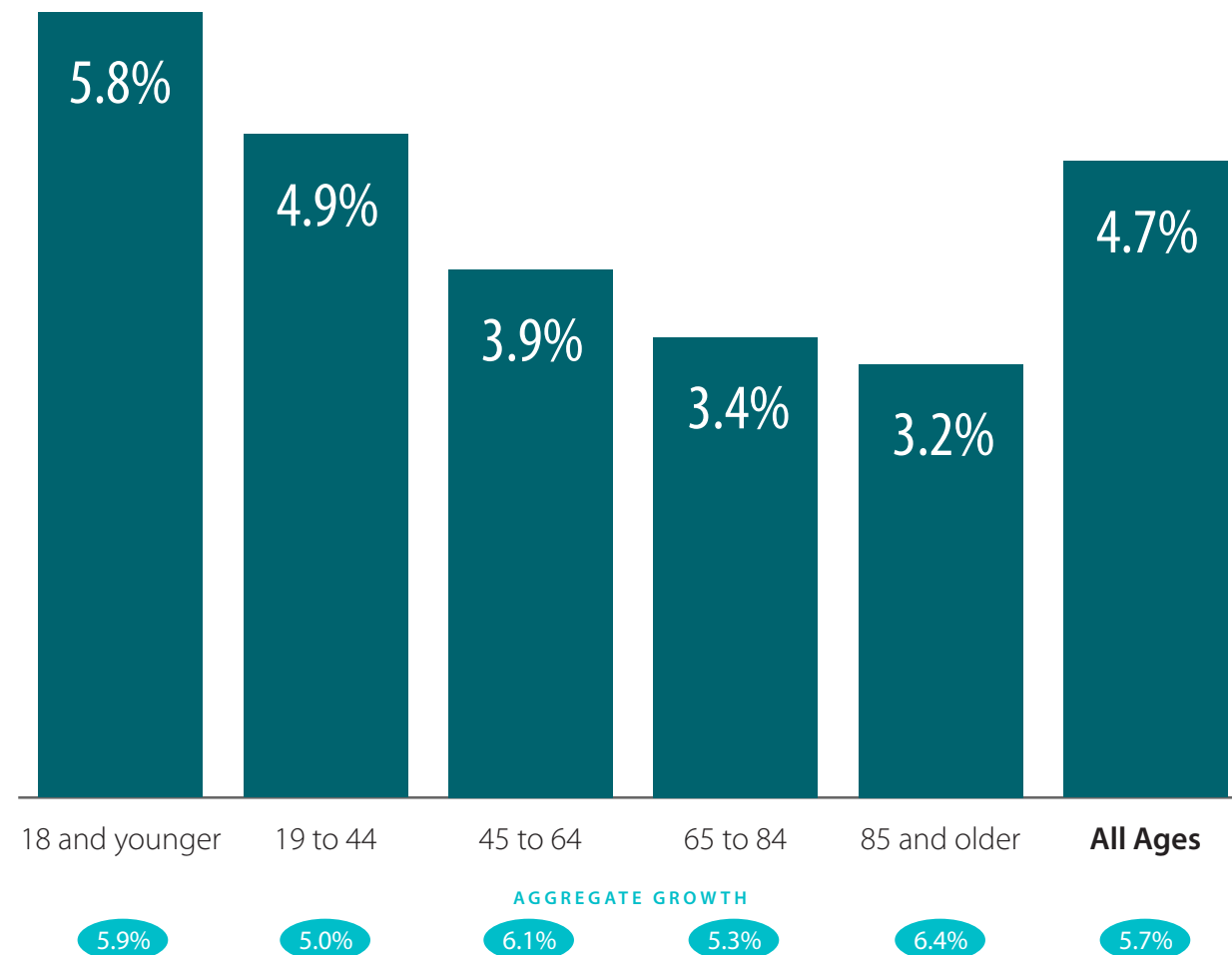
Overall, females spent 22% more than males on personal health care, a difference of \$1,527 per year.

Gender differences were greatest for women of child-bearing age, due to increased hospital and physician services, and for women age 85 and older, due largely to more nursing facility care.

Annual Average Spending Growth, by Age Group

Per Capita and Aggregate Growth, United States, 2002 to 2012

PER CAPITA



Note: The slower per person growth for the elderly is attributed, in part, to low rates of increase in nursing facility care (e.g., average 1.6% annually for 85+) resulting from state efforts to support home-based care alternatives to institutional care. Rising insurance levels among children may have boosted health spending in the youngest age group.

Source: Author calculation based on National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), www.cms.gov.

Health Care Costs 101

Age and Gender

Over the 10-year period shown, per person spending increased most slowly among the elderly and fastest among children. In contrast, overall spending totals, which also reflect the increasing numbers of the elderly, grew much faster.

Personal Health Care Spending per Capita by Category and Age Group, United States, 2012

	18 AND YOUNGER	19 TO 44	45 TO 64	65 TO 84	85 AND OLDER	ALL AGES
Personal Health Care	\$3,552	\$4,458	\$9,513	\$16,872	\$32,411	\$7,564
Hospital Care	1,468	1,785	3,732	6,150	9,300	2,879
Physician and Clinical Services	872	1,185	2,467	3,653	4,242	1,796
Dental Services	380	220	411	507	379	347
Other Professional Services	115	164	314	569	591	247
Nursing Care Facilities	14	31	248	1,778	9,745	473
Home Health Care	98	78	155	731	3,518	245
Other Health Care	263	401	525	591	1,349	440
Prescription Drugs	261	446	1,270	1,977	1,900	826
Durable Medical Equipment	57	80	169	347	598	139
Other Nondurable Medical Products	25	68	223	570	789	171

Health Care Costs 101

Age and Gender

Spending on health services varied with age. The \$3,552 in total personal health spending on children compared to \$32,411 for the oldest age group. Prescription drug spending on young working age adults (\$446) was lower than for older working age adults (\$1,270).

Note: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment.

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Data Resources

Economic Data

- “The Budget and Economic Outlook: 2015 to 2025,” Congressional Budget Office, January 2017, www.cbo.gov.
- Consumer Price Index, Bureau of Labor Statistics, www.bls.gov/data.
- Gross domestic product, Bureau of Economic Analysis, www.bea.gov.
- “OECD Health Statistics 2017: Frequently Requested Data,” Organisation for Economic Co-operation and Development, June, 2017, www.oecd.org.

Journal Publications Authored by CMS Staff

- Martin, Anne B., et al. “National Health Spending: Faster Growth in 2015 as Coverage Expands and Utilization Increases.” *Health Affairs* 36, no.1 (December 2016): 166-76, doi:10.1377/hlthaff.2016.1330.
- Keehan, Sean P., et al. “National Health Expenditure Projections, 2016-25: Price Increases, Aging Push Sector to 20 Percent of Economy,” *Health Affairs* 36, no. 3 (March 2017): 553-63, doi:10.1377/hlthaff.2016.1627.
- Lassman, David, et al. “US Health Spending Trends by Age and Gender: Selected Years 2002-10,” *Health Affairs* 33, no. 5 (May 2014): 815-22, doi:10.1377/hlthaff.2013.1224.
- Lassman, David, et al. “Health Spending by State 1991-2014: Measuring Per Capita Spending by Payers and Programs,” *Health Affairs* 36, no. 7, (June 2017), doi:10.1377/hlthaff.2017.0416.

National Health Expenditures

AGE AND GENDER

- Data and Resources: www.cms.gov

HEALTH CARE SATELLITE ACCOUNT

Disease-Based Health Care Measures, Bureau of Economic Analysis

- Introduction: www.bea.gov (PDF)
- Data and Resources: www.bea.gov

HISTORICAL INFORMATION / OVERVIEW

- Data by Service Category, Payer, and Sponsor: www.cms.gov
- Definitions, Sources, Methods: www.cms.gov (PDF)
- Overview of National Health Expenditure Resources: www.cms.gov
- Quick Reference Definitions: www.cms.gov (PDF)
- Summary of Benchmark Changes: www.cms.gov (PDF)

PROJECTIONS

- Data and Methodology: www.cms.gov
- Forecast Summary: www.cms.gov (PDF)

STATE INFORMATION

- Residence: www.cms.gov
- Provider: www.cms.gov

Health Care Costs 101

ABOUT THIS SERIES

The California Health Care Almanac is an online clearinghouse for data and analysis examining the state’s health care system. It focuses on issues of quality, affordability, insurance coverage and the uninsured, and the financial health of the system with the goal of supporting thoughtful planning and effective decisionmaking. Learn more at www.chcf.org/almanac.

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FOR MORE INFORMATION



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Appendix A: Health Spending, by Category, 2014 to 2015 and Historical Look Back

	SPENDING (IN BILLIONS)				DISTRIBUTION				GROWTH / DECLINE*			
	1995	2005	2014	2015	1995	2005	2014	2015	1995-2015	2005-2015	2014	2015
National Health Expenditures	1,022	2,024	3,029	3,206	100.0%	100.0%	100.0%	100.0%	5.9%	4.7%	5.3%	5.8%
Health Consumption Expenditures	958	1,905	2,878	3,051	93.8%	94.1%	95.0%	95.2%	6.0%	4.8%	5.6%	6.0%
▶ Personal Health Care	870	1,696	2,563	2,717	85.1%	83.8%	84.6%	84.8%	5.9%	4.8%	5.2%	6.0%
▶ Hospital Care	339	609	981	1,036	33.2%	30.1%	32.4%	32.3%	5.7%	5.5%	4.6%	5.6%
▶ Professional Services	292	554	793	840	28.5%	27.3%	26.2%	26.2%	5.4%	4.3%	4.5%	6.0%
▶ Physician and Clinical Services	220	414	597	635	21.6%	20.5%	19.7%	19.8%	5.4%	4.4%	4.8%	6.3%
▶ Dental Services	45	87	113	118	4.4%	4.3%	3.7%	3.7%	5.0%	3.1%	2.4%	4.2%
▶ Other Professional Services	27	53	83	88	2.6%	2.6%	2.7%	2.7%	6.1%	5.2%	5.1%	5.9%
▶ Nursing Care Facilities	64	111	153	157	6.3%	5.5%	5.0%	4.9%	4.6%	3.5%	2.3%	2.7%
▶ Home Health Services	32	49	84	89	3.2%	2.4%	2.8%	2.8%	5.2%	6.1%	4.5%	6.3%
▶ Other Health Care	41	95	151	163	4.1%	4.7%	5.0%	5.1%	7.1%	5.6%	5.0%	7.8%
▶ Retail Outlet Sales	101	278	401	432	9.9%	13.7%	13.3%	13.5%	7.6%	4.5%	9.7%	7.6%
▶ Prescription Drugs	60	205	298	325	5.9%	10.1%	9.8%	10.1%	8.8%	4.7%	12.4%	9.0%
▶ Other Nondurable Medical Products	25	41	57	59	2.5%	2.0%	1.9%	1.8%	4.4%	3.8%	2.2%	3.7%
▶ Durable Medical Equipment	16	32	47	48	1.6%	1.6%	1.5%	1.5%	5.7%	4.1%	3.5%	3.9%
▶ Administration	58	151	237	253	5.6%	7.5%	7.8%	7.9%	7.7%	5.3%	12.1%	6.8%
▶ Net Cost of Health Insurance	46	123	195	210	4.5%	6.1%	6.4%	6.6%	7.9%	5.5%	12.4%	7.6%
▶ Government Administration	12	28	41	43	1.1%	1.4%	1.4%	1.3%	6.7%	4.2%	10.9%	3.2%
▶ Public Health Activities	31	57	79	81	3.0%	2.8%	2.6%	2.5%	4.9%	3.5%	1.4%	2.4%
Investment	63	120	151	155	6.2%	5.9%	5.0%	4.8%	4.6%	2.6%	-1.4%	2.6%
▶ Noncommercial Research	19	40	46	47	1.8%	2.0%	1.5%	1.5%	4.7%	1.5%	-1.7%	1.8%
▶ Structures and Equipment	45	79	105	108	4.4%	3.9%	3.5%	3.4%	4.5%	3.1%	-1.3%	2.9%

*Growth rates for the 1995-2015 and 2005-2015 periods are average annual; 2014 and 2015 are the growth/decline over previous year.

Notes: *Health spending* refers to national health expenditures. Figures may not sum due to rounding. Further definitions available at www.cms.gov. An Excel version of this table is available as a [document download](#).

Source: National Health Expenditure historical data, 1960-2015, Centers for Medicare & Medicaid Services, www.cms.gov.

Appendix B: Personal Health Care Spending, by Gender, Age, and Category, 2012

	FEMALES						MALES						TOTAL					
	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL
PER CAPITA	\$3,399	\$5,579	\$9,808	\$16,857	\$33,662	\$8,315	\$3,698	\$3,352	\$9,203	\$16,890	\$29,922	\$6,788	\$3,552	\$4,458	\$9,513	\$16,872	\$32,411	\$7,564
Hospital Care	1,412	2,348	3,618	5,785	9,090	3,068	1,522	1,229	3,851	6,592	9,717	2,684	1,468	1,785	3,732	6,150	9,300	2,879
Physician and Clinical Services	828	1,577	2,733	3,560	3,838	2,015	913	799	2,187	3,765	5,046	1,569	872	1,185	2,467	3,653	4,242	1,796
Dental Services	421	261	456	492	350	383	341	178	364	526	437	310	380	220	411	507	379	347
Other Professional Services	109	203	375	607	572	287	120	125	250	521	628	206	115	164	314	569	591	247
Nursing Care Facilities	12	27	222	1,957	11,162	595	16	35	275	1,561	6,928	347	14	31	248	1,778	9,745	473
Home Health Care	91	93	169	828	3,868	299	105	64	139	613	2,820	189	98	78	155	731	3,518	245
Other Health Care	224	365	490	654	1,388	427	300	437	562	516	1,273	454	263	401	525	591	1,349	440
Prescription Drugs	220	529	1,315	2,020	1,965	891	300	364	1,222	1,925	1,771	760	261	446	1,270	1,977	1,900	826
Durable Medical Equipment	60	94	191	346	563	156	54	67	146	348	668	123	57	80	169	347	598	139
Other Nondurable Medical Products	22	81	238	609	867	196	28	56	207	523	633	146	25	68	223	570	789	171
PER CAPITA 10-YEAR GROWTH	5.7%	4.9%	3.6%	3.4%	3.2%	4.5%	5.8%	4.9%	4.1%	3.4%	3.4%	5.0%	5.8%	4.9%	3.9%	3.4%	3.2%	4.7%
Hospital Care	6.8%	6.3%	5.2%	3.1%	2.5%	5.3%	6.7%	6.4%	5.3%	2.7%	2.3%	5.6%	6.7%	6.4%	5.2%	3.0%	2.5%	5.5%
Physician and Clinical Services	5.3%	4.6%	2.9%	3.2%	5.1%	4.2%	5.4%	4.5%	3.2%	3.1%	5.0%	4.5%	5.3%	4.6%	3.0%	3.2%	5.2%	4.3%
Dental Services	4.5%	1.4%	1.6%	5.8%	6.6%	3.1%	4.3%	1.1%	1.3%	5.3%	6.9%	3.1%	4.4%	1.3%	1.5%	5.6%	6.8%	3.1%
Other Professional Services	5.8%	4.4%	3.3%	5.8%	3.2%	4.9%	6.0%	4.1%	3.6%	6.0%	4.8%	5.3%	5.9%	4.4%	3.4%	5.9%	3.7%	5.0%
Nursing Care Facilities	5.5%	3.6%	4.4%	1.8%	1.7%	3.2%	4.8%	1.9%	4.7%	2.7%	2.2%	4.8%	4.5%	2.6%	4.5%	2.1%	1.6%	3.7%
Home Health Care	8.0%	8.3%	3.9%	5.0%	7.2%	6.9%	7.9%	6.2%	3.9%	5.1%	6.2%	6.7%	7.9%	7.5%	4.0%	5.0%	6.8%	6.8%
Other Health Care	4.1%	4.4%	4.6%	5.2%	5.5%	4.9%	5.2%	5.3%	4.8%	4.7%	4.5%	5.3%	4.8%	4.9%	4.7%	4.9%	5.2%	5.1%
Prescription Drugs	4.5%	2.8%	2.1%	4.0%	4.0%	3.6%	5.2%	3.7%	3.6%	4.9%	3.7%	4.9%	4.9%	3.2%	2.8%	4.4%	3.9%	4.2%
Durable Medical Equipment	5.8%	3.4%	2.8%	2.6%	2.6%	3.7%	6.1%	4.5%	3.0%	2.8%	3.6%	4.4%	5.9%	3.8%	2.9%	2.7%	3.0%	4.0%
Other Nondurable Medical Products	3.2%	3.0%	3.2%	3.1%	2.7%	3.8%	2.9%	3.2%	3.2%	3.3%	3.0%	4.2%	3.3%	3.1%	3.2%	3.2%	2.7%	4.0%

Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. *10-Year Growth* refers to average annual rate from 2002 to 2012.

An Excel version of this table is available as a [document download](#).

Source: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), www.cms.gov.

Appendix B: Personal Health Care Spending, by Gender, Age, and Category, 2012, *continued*

	FEMALES						MALES						TOTAL					
	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL
AGGREGATE SPENDING (IN BILLIONS)	\$129.5	\$304.0	\$416.0	\$343.7	\$131.4	\$1,324.6	\$147.3	\$185.2	\$371.5	\$284.3	\$58.8	\$1,047.2	\$276.8	\$489.2	\$787.6	\$628.0	\$190.2	\$2,371.8
Hospital Care	53.8	128.0	153.5	117.9	35.5	488.7	60.6	67.9	155.5	111.0	19.1	414.0	114.4	195.9	308.9	228.9	54.6	902.7
Physician and Clinical Services	31.6	85.9	115.9	72.6	15.0	321.0	36.4	44.1	88.3	63.4	10.0	242.1	67.9	130.0	204.2	136.0	24.9	563.0
Dental Services	16.0	14.2	19.3	10.0	1.4	61.0	13.6	9.8	14.7	8.9	0.9	47.8	29.6	24.1	34.0	18.9	2.2	108.9
Other Professional Services	4.2	11.1	15.9	12.4	2.2	45.8	4.8	6.9	10.1	8.8	1.2	31.8	9.0	18.0	26.0	21.2	3.5	77.6
Nursing Care Facilities	0.4	1.5	9.4	39.9	43.6	94.8	0.6	1.9	11.1	26.3	13.6	53.5	1.1	3.4	20.5	66.2	57.2	148.3
Home Health Care	3.5	5.1	7.2	16.9	15.1	47.7	4.2	3.5	5.6	10.3	5.5	29.2	7.7	8.6	12.8	27.2	20.6	76.9
Other Health Care	8.5	19.9	20.8	13.3	5.4	68.0	11.9	24.2	22.7	8.7	2.5	70.0	20.5	44.0	43.5	22.0	8.0	137.9
Prescription Drugs	8.4	28.8	55.8	41.2	7.7	141.9	11.9	20.1	49.4	32.4	3.5	117.3	20.3	48.9	105.1	73.6	11.2	259.1
Durable Medical Equipment	2.3	5.1	8.1	7.1	2.2	24.8	2.2	3.7	5.9	5.9	1.3	18.9	4.4	8.8	14.0	13.0	3.5	43.7
Other Nondurable Medical Products	0.8	4.4	10.1	12.4	3.4	31.2	1.1	3.1	8.4	8.8	1.2	22.6	1.9	7.5	18.4	21.2	4.6	53.7
AGGREGATE SPENDING 10-YEAR GROWTH	5.8%	5.1%	5.9%	5.0%	5.8%	5.4%	5.9%	5.0%	6.4%	5.7%	7.9%	5.9%	5.9%	5.0%	6.1%	5.3%	6.4%	5.7%
Hospital Care	6.9%	6.5%	7.5%	4.7%	5.1%	6.3%	6.8%	6.5%	7.5%	5.1%	6.9%	6.5%	6.9%	6.5%	7.5%	4.9%	5.7%	6.4%
Physician and Clinical Services	5.4%	4.8%	5.2%	4.8%	7.8%	5.1%	5.5%	4.6%	5.4%	5.4%	9.7%	5.4%	5.5%	4.7%	5.3%	5.1%	8.5%	5.2%
Dental Services	4.6%	1.6%	3.9%	7.5%	9.4%	4.0%	4.4%	1.3%	3.5%	7.7%	11.7%	4.0%	4.5%	1.5%	3.7%	7.6%	10.2%	4.0%
Other Professional Services	5.9%	4.6%	5.6%	7.5%	5.8%	5.8%	6.1%	4.2%	5.8%	8.4%	9.5%	6.2%	6.0%	4.5%	5.6%	7.8%	7.0%	6.0%
Nursing Care Facilities	5.4%	3.5%	6.7%	3.3%	4.3%	4.1%	4.7%	1.9%	6.9%	5.0%	6.8%	5.7%	5.0%	2.5%	6.8%	4.0%	4.8%	4.6%
Home Health Care	8.2%	8.6%	6.3%	6.6%	9.8%	7.8%	8.0%	6.3%	6.1%	7.4%	10.9%	7.7%	8.1%	7.6%	6.2%	6.9%	10.1%	7.7%
Other Health Care	4.2%	4.6%	6.9%	6.8%	8.1%	5.9%	5.3%	5.4%	7.0%	7.0%	9.1%	6.2%	4.9%	5.0%	7.0%	6.9%	8.4%	6.0%
Prescription Drugs	4.6%	3.0%	4.4%	5.6%	6.6%	4.5%	5.3%	3.7%	5.8%	7.3%	8.3%	5.8%	5.0%	3.3%	5.0%	6.3%	7.1%	5.1%
Durable Medical Equipment	6.0%	3.6%	5.1%	4.1%	5.2%	4.6%	6.1%	4.4%	5.2%	5.1%	8.2%	5.3%	6.0%	3.9%	5.1%	4.6%	6.2%	4.9%
Other Nondurable Medical Products	3.1%	3.3%	5.5%	4.7%	5.3%	4.7%	3.1%	3.3%	5.4%	5.6%	7.6%	5.1%	3.1%	3.3%	5.4%	5.1%	5.9%	4.9%

Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. *10-Year Growth* refers to average annual rate from 2002 to 2012.

An Excel version of this table is available as a [document download](#).

Source: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), www.cms.gov.

Appendix B: Personal Health Care Spending, by Gender, Age, and Category, 2012, *continued*

	FEMALES						MALES						TOTAL					
	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL
DISTRIBUTION	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Hospital Care	42%	42%	37%	34%	27%	37%	41%	37%	42%	39%	32%	40%	41%	40%	39%	36%	29%	38%
Physician and Clinical Services	24%	28%	28%	21%	11%	24%	25%	24%	24%	22%	17%	23%	25%	27%	26%	22%	13%	24%
Dental Services	12%	5%	5%	3%	1%	5%	9%	5%	4%	3%	1%	5%	11%	5%	4%	3%	1%	5%
Other Professional Services	3%	4%	4%	4%	2%	3%	3%	4%	3%	3%	2%	3%	3%	4%	3%	3%	2%	3%
Nursing Care Facilities	0%	0%	2%	12%	33%	7%	0%	1%	3%	9%	23%	5%	0%	1%	3%	11%	30%	6%
Home Health Care	3%	2%	2%	5%	11%	4%	3%	2%	2%	4%	9%	3%	3%	2%	2%	4%	11%	3%
Other Health Care	7%	7%	5%	4%	4%	5%	8%	13%	6%	3%	4%	7%	7%	9%	6%	4%	4%	6%
Prescription Drugs	6%	9%	13%	12%	6%	11%	8%	11%	13%	11%	6%	11%	7%	10%	13%	12%	6%	11%
Durable Medical Equipment	2%	2%	2%	2%	2%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other Nondurable Medical Products	1%	1%	2%	4%	3%	2%	1%	2%	2%	3%	2%	2%	1%	2%	2%	3%	2%	2%

Note: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. *10-Year Growth* refers to average annual rate from 2002 to 2012.

An Excel version of this table is available as a [document download](#).

Source: National Health Expenditure age and gender data, 2002-2012, Centers for Medicare & Medicaid Services (CMS), www.cms.gov.

Appendix C: Medical Conditions

TYPE OF CONDITION	EXAMPLES
Routine care, signs, and symptoms	preventive care, allergies, flu symptoms
Circulatory system	hypertension, heart failure, heart attack
Musculoskeletal	back problems, arthritis
Respiratory	COPD, pneumonia, asthma, influenza
Endocrine system	diabetes, high cholesterol, thyroid disorders
Nervous system	cataract, migraines, epilepsy, chronic nerve pain
Neoplasms	cancers, tumors
Injury and poisoning	trauma
Genitourinary	kidney and reproductive system diseases
Digestive	gastrointestinal disorders
Mental illness	depression, dementia, substance abuse
Infectious diseases	septicemia, HIV, hepatitis
Pregnancy	deliveries, contraceptives
Skin	infections, ulcers, acne, sunburn

Note: An Excel version of this table is available as a [document download](#).

Appendix D: Health Spending, by Medical Condition, United States, 2012 to 2013 and 10-Year Look Back

TYPE OF CONDITION	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH / DECLINE*		
	2003	2012	2013	2003	2012	2013	2003-2013	2012	2013
All Conditions	\$1,161	\$1,885	\$1,935	100.0%	100.0%	100.0%	5.2%	4.5%	2.6%
Routine care, signs and symptoms	125	241	254	10.8%	12.6%	12.8%	7.4%	5.8%	5.6%
Circulatory	188	236	236	16.2%	13.0%	12.5%	2.3%	0.5%	0.1%
Musculoskeletal	107	183	190	9.2%	9.8%	9.7%	5.9%	3.3%	4.3%
Respiratory	111	157	161	9.6%	8.4%	8.4%	3.8%	3.4%	2.2%
Endocrine system	80	137	142	6.9%	7.3%	7.3%	5.9%	3.9%	3.6%
Nervous system	76	131	136	6.5%	7.0%	6.9%	6.0%	4.1%	3.5%
Neoplasms	75	124	127	6.5%	6.7%	6.6%	5.4%	2.7%	2.1%
Injury and poisoning	80	118	118	6.9%	6.5%	6.3%	4.0%	0.9%	0.1%
Genitourinary	68	110	114	5.8%	5.9%	5.8%	5.4%	3.3%	3.9%
Digestive	71	108	114	6.1%	5.7%	5.7%	4.8%	5.0%	5.9%
Other	47	98	89	4.0%	4.6%	5.2%	6.7%	19.2%	-8.9%
Mental illness	50	87	89	4.3%	4.6%	4.6%	5.9%	5.9%	2.2%
Infectious diseases	31	67	70	2.7%	3.5%	3.5%	8.5%	7.3%	5.3%
Pregnancy	26	44	47	2.3%	2.2%	2.3%	6.0%	9.0%	6.4%
Skin	26	43	45	2.3%	2.2%	2.3%	5.6%	6.8%	5.3%

*Growth rate for 2003-2013 is average annual; 2012 and 2013 are the growth/decline over previous year.

Notes: Medical spending by medical condition accounted for 83% of personal health care spending in 2013. Medical condition spending does not account for spending on dental services, nursing homes, or medical products and equipment. An Excel version of this table is available as a [document download](#).

Source: *Blended Account, 2000-2013*, Bureau of Economic Analysis, www.bea.gov.