

CALIFORNIA Health Care Almanac



MAY 2019

Health Care Costs 101: Spending Keeps Growing

Executive Summary

US health spending reached \$3.5 trillion in 2017, or \$10,739 per capita, and accounted for 17.9% of gross domestic product (GDP). National health spending grew 3.9% in 2017, its slowest pace since 2013. Health spending and the economy grew at similar rates in 2017.

Looking ahead, health spending is projected to grow at an average rate of 5.5% per year between 2018 and 2027, faster than the economy’s 4.7% growth. By 2027, health care spending is expected to total \$6.0 trillion and account for nearly one-fifth of GDP.

Health Care Costs 101: Spending Keeps Growing, 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:

- The slowdown in 2017 health spending was attributable to slower growth in spending for hospital care, physician services, and prescription drugs.
- Prescription drug spending, which totaled \$333 billion in 2017, grew 0.4% in 2017, its lowest rate since 2012. The 2017 slowdown was driven largely by changes in the use and mix of drugs prescribed.
- Per capita health spending increased 3.2%.
- Households and the federal government each accounted for 28% of health spending in 2017. Private business accounted for 20%.
- Federal subsidies for ACA marketplace (individual coverage) premiums and cost sharing totaled \$41 billion, accounting for 4% of federal health spending.
- Household spending on direct purchase insurance declined by 6.7%, driven by declining enrollment in unsubsidized individual insurance.
- Public health insurance, including Medicare and Medicaid, paid the largest share of spending (41%). Private health insurance paid for 34% of health spending, and consumers’ out-of-pocket spending accounted for 10%.

Note: See current and past editions of *Health Care Costs 101* at www.chcf.org/collection/health-care-costs-spending-almanac.

CONTENTS

Spending Levels..... 3

Sponsors.....16

Payment Sources.....22

Growth Trends30

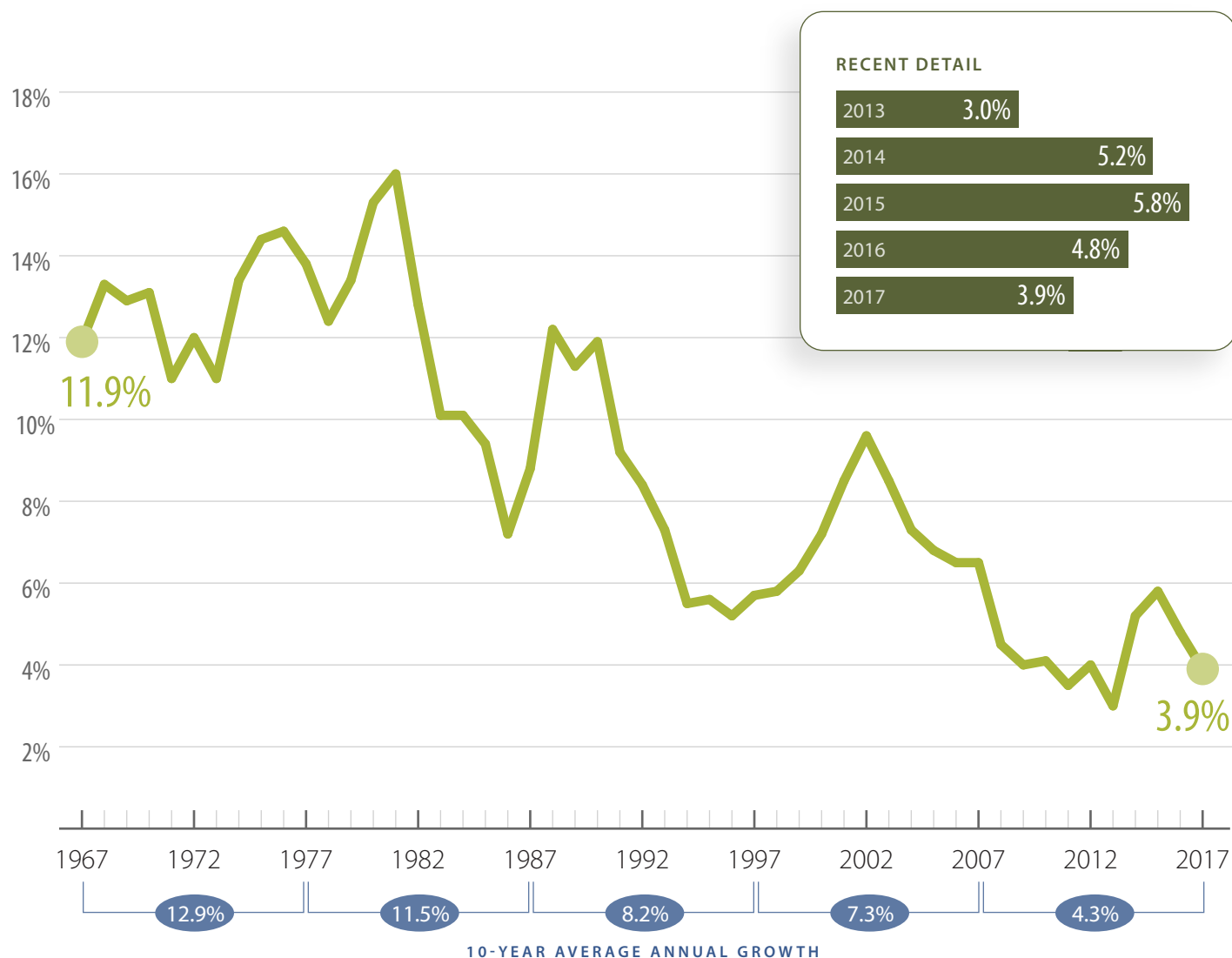
Age and Gender.....40

Data Resources.....45

Appendices46

Annual Growth Rates in Health Spending

United States, 1967 to 2017



Note: Health spending refers to national health expenditures.

Source: Author calculations based on National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid Services, www.cms.gov.

Health Care Costs 101

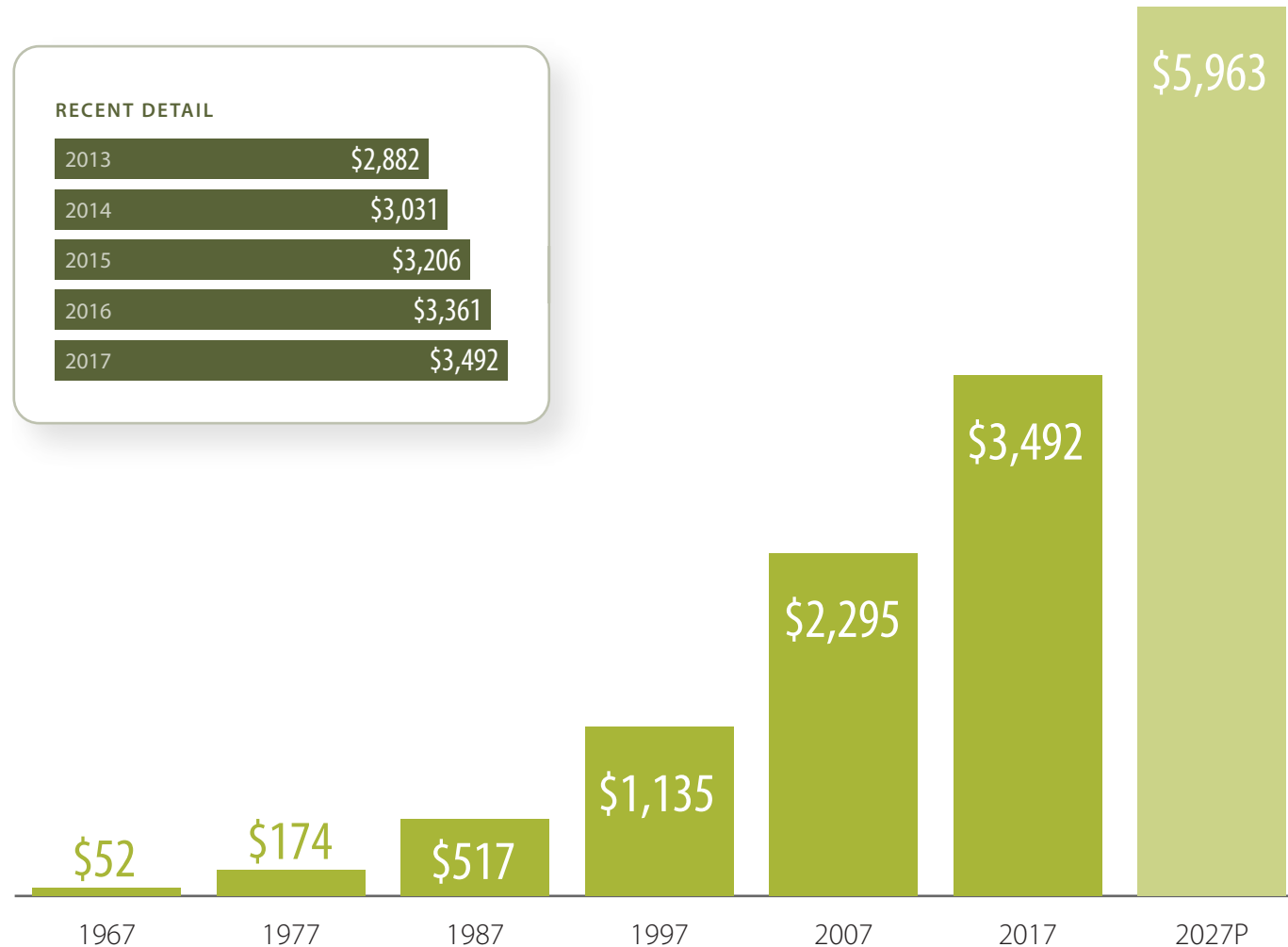
Spending Levels

Spending growth slowed in 2017 to 3.9%, down from 4.8% in 2016. This slowdown was attributable to slower growth in the use and intensity of goods and services, especially for hospital care, physician services, and prescription drugs. The higher growth rates in 2014 and 2015 coincided with the coverage expansion under the Affordable Care Act.

Health Spending

United States, 1967 to 2017, Selected Years, and 10-Year Projection

IN BILLIONS



Notes: *Health spending* refers to national health expenditures. Projections are shown as *P* and are based on current law as of December 2018.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

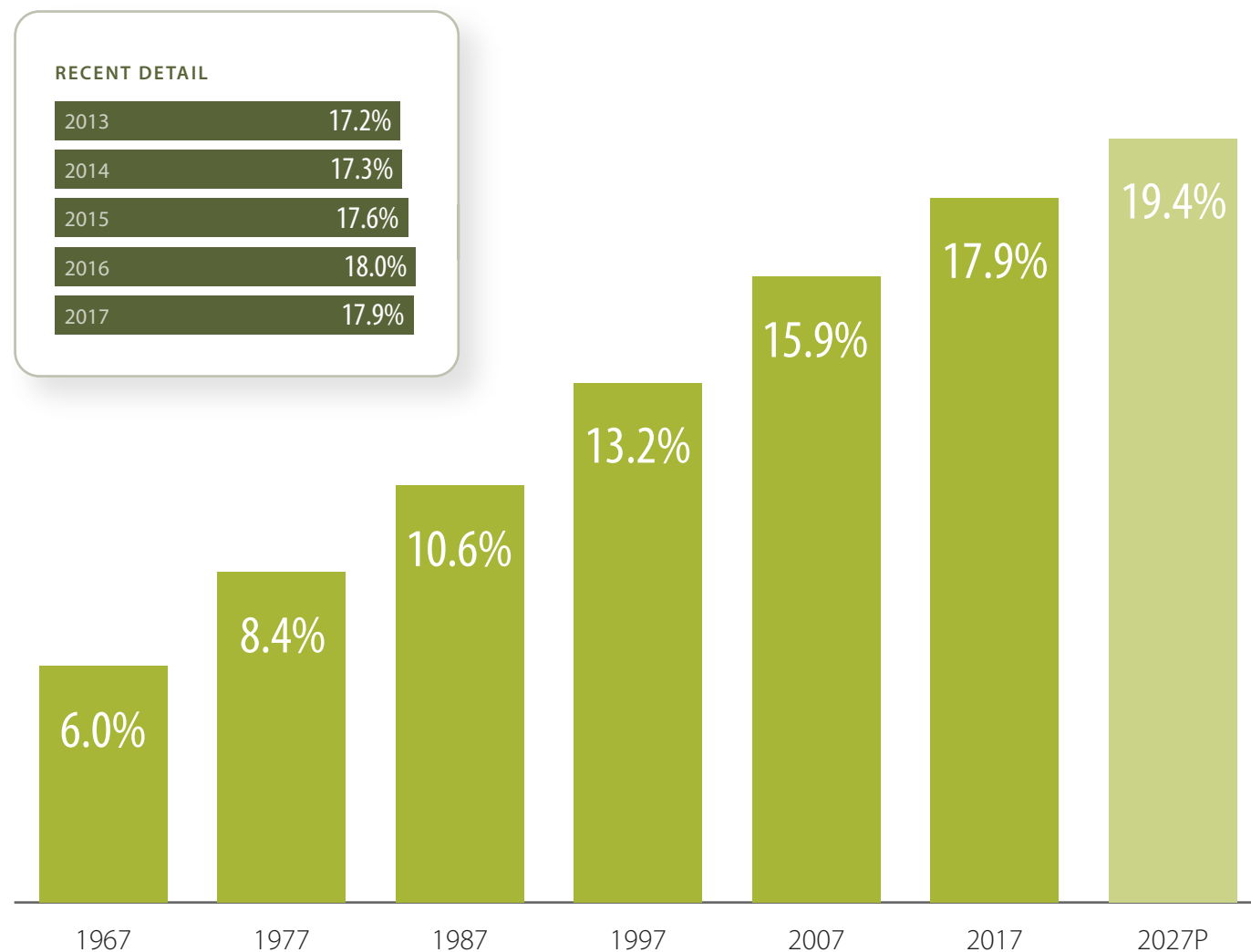
Health Care Costs 101

Spending Levels

Health spending reached \$3.5 trillion in 2017 and is projected to reach \$6.0 trillion by 2027. Between 2018 and 2027, health spending is projected to grow at an average rate of 5.5% per year.

Health Spending as a Share of GDP

United States, 1967 to 2017, Selected Years, and 10-Year Projection



Notes: *Health spending* refers to national health expenditures. Projections are shown as *P* and are based on current law as of December 2018. The 2017 figure reflects a 4.2% increase in gross domestic product (GDP) and a 3.9% increase in national health spending over the prior year. See page 30 for a comparison of economic growth and health spending growth.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

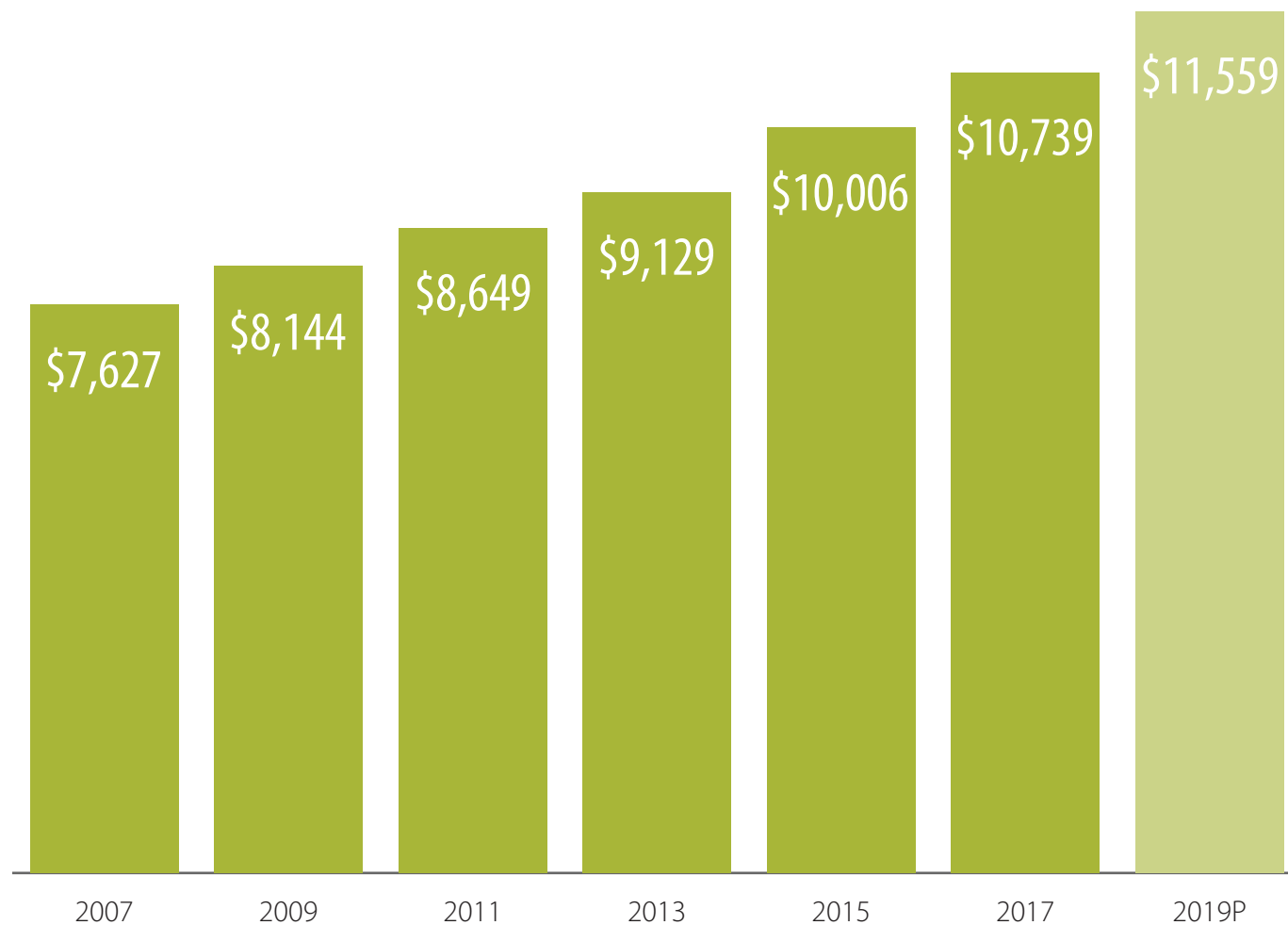
Health Care Costs 101

Spending Levels

Over the past 50 years, health care has accounted for a growing share of GDP. In 2017, health care's share of GDP was 17.9%, similar to its share in the prior year. By 2027, it is projected to be 19.4% of GDP — or nearly one of every five dollars in the economy.

Health Spending per Capita

United States, 2007 to 2017, Selected Years, and Two-Year Projection



Health Care Costs 101

Spending Levels

In 2017, US health spending reached \$10,739 per person and is projected to reach \$11,559 per person in 2019. Per capita spending grew at a 10-year average rate of 3.5% per year over the 2007 to 2017 period.

Notes: *Health spending* refers to national health expenditures. Projections are shown as *P* and are based on current law as of December 2018.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

Health Insurance Spending per Enrollee

United States, 2016, 2017, and 10-Year Projection

Medicare



Medicaid



Employer-Sponsored



Marketplace



N/A

Notes: *Employer-sponsored* figures include both the employer and worker contribution to premiums. *Marketplace* is individual health 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 2017 not shown: Medigap (\$2,608), other direct-purchase insurance (\$4,470), and Children's Health Insurance Program (\$2,686). The 2027 projection reflects average annual growth of 4.7% for Medicare, 4.1% for Medicaid, and 4.6% for employer-sponsored insurance over the projection period (2018–27). Projections are shown as *P* and are based on current law as of December 2018.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

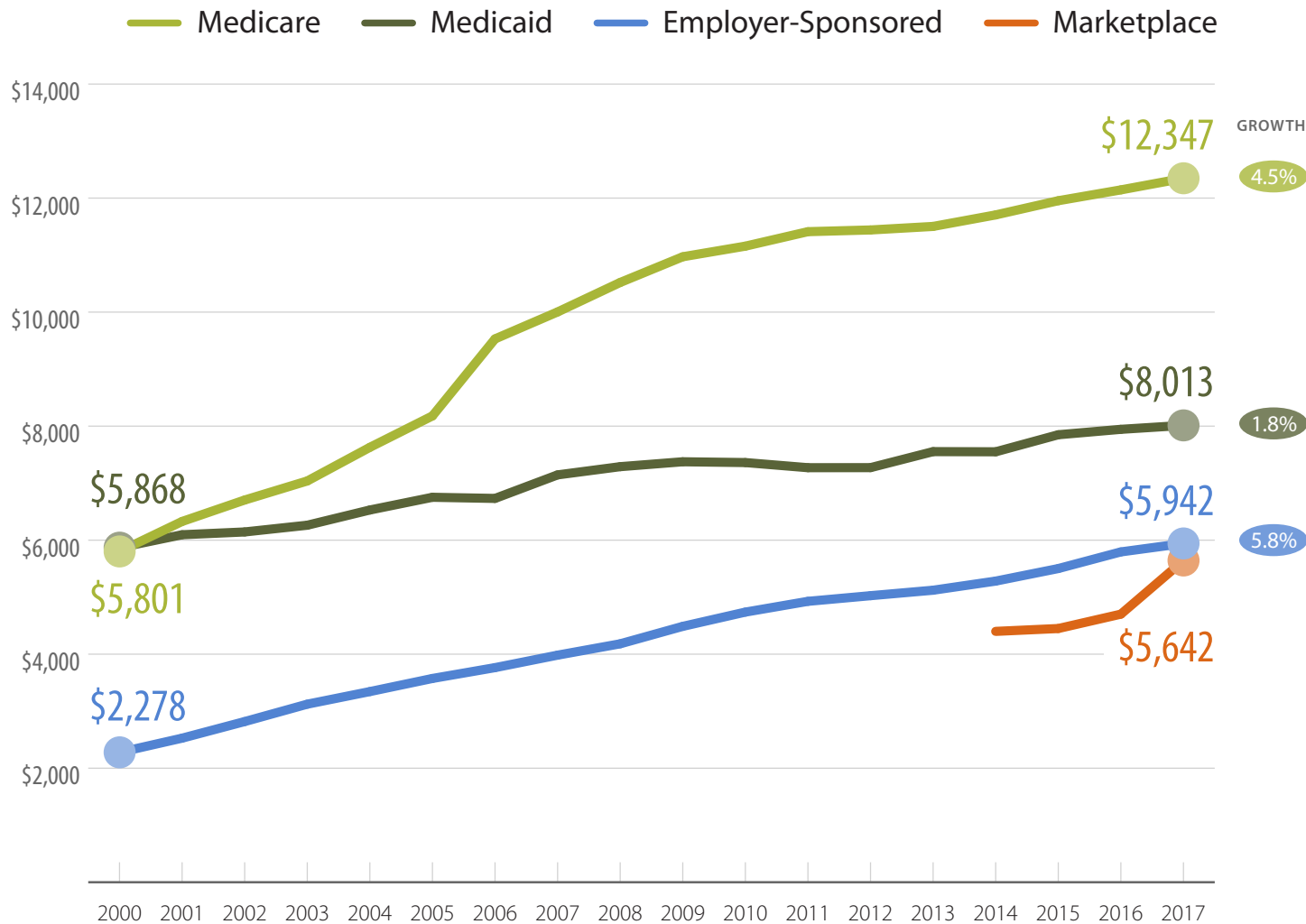
Health Care Costs 101

Spending Levels

At \$12,347 per enrollee in 2017, Medicare per enrollee spending was more than double the \$5,942 spent on employer-sponsored insurance (ESI). Marketplace spending per enrollee increased 20% to \$5,642 in 2017 from \$4,702 in 2016. Per enrollee spending for Medicare, Medicaid, and ESI are projected to be at least 50% higher in 2027 than in 2017.

Health Insurance Spending per Enrollee

United States, 2000 to 2017



Notes: *Employer-sponsored* figures include both the employer and worker contribution to premiums. *Marketplace* is individual health coverage purchased on federal- and state-run health exchanges such as [healthcare.gov](https://www.healthcare.gov) and Covered California. Marketplace per enrollee spending includes premium and cost-sharing subsidies. *Growth* is average annual growth rate for 2000 to 2017.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

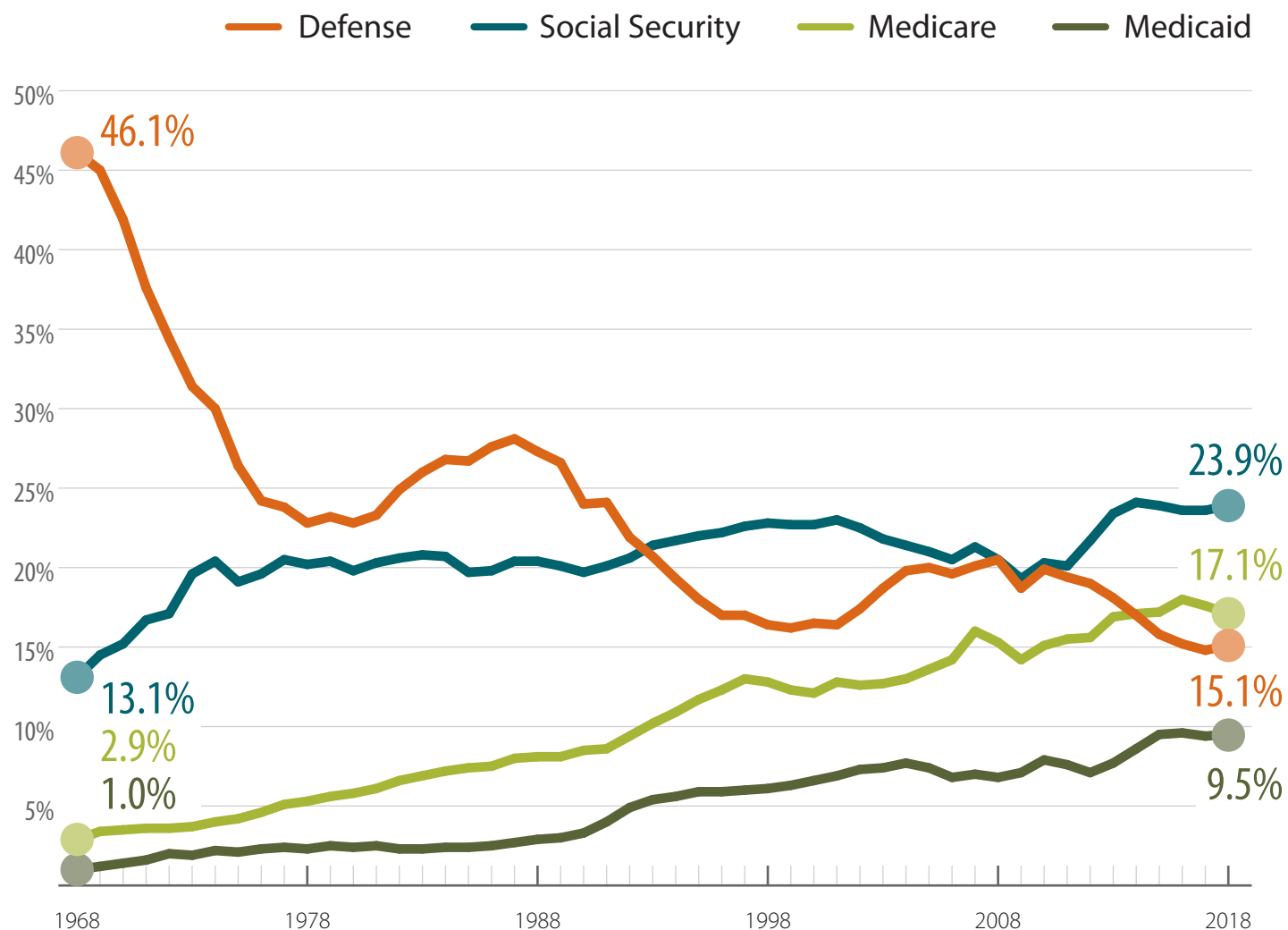
Health Care Costs 101

Spending Levels

A sharp increase in 2017 marketplace health insurance spending brought its per enrollee spending close to levels spent for employer-sponsored insurance. Shifts in Medicaid eligibility to cover more children and nondisabled adults have helped hold down Medicaid's per enrollee spending. The implementation of the Medicare drug benefit in 2006 coincided with an increase in per enrollee Medicare spending.

Major Programs as a Share of the Federal Budget

United States, 1968 to 2018



Notes: Spending shares computed as a percentage of federal outlays. All outlays reflect federal spending only (e.g., Medicaid outlays shown reflect federal portion).

Source: Author calculations based on "Historical Budget Data," in *The Budget and Economic Outlook: 2019 to 2029*, Congressional Budget Office, January 28, 2019, www.cbo.gov.

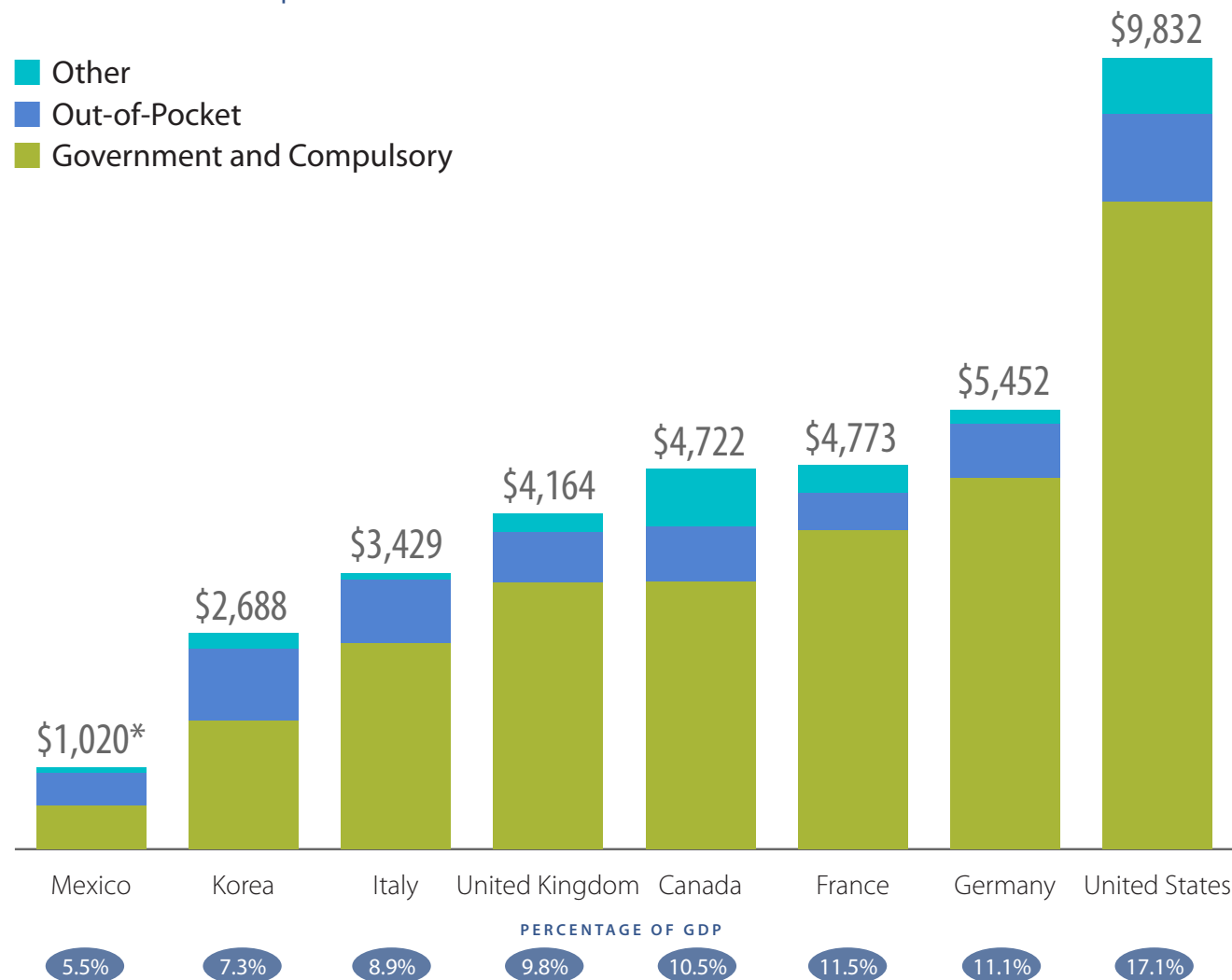
Health Care Costs 101

Spending Levels

Since 2015, defense has consumed a smaller share of the federal budget than Medicare. Generally, the Medicare and Medicaid portions of the federal budget have been on rise since 1968, and the defense spending portion has been falling.

Health Spending per Capita and as a Share of GDP

Selected Developed Countries, 2016



*Estimated value.

Notes: US spending per capita as reported by the Organisation for Economic Co-operation and Development (OECD) differs from figures reported elsewhere in this report. GDP is gross domestic product. *Government and compulsory* includes publicly funded coverage (including Medicare, Medicaid, Veterans Affairs, and Dept. of Defense), employer-sponsored and individually purchased health insurance. *Out-of-pocket* is consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums. *Other* is total spending less government and compulsory spending and out-of-pocket spending.

Source: "OECD Health Statistics 2018: Frequently Requested Data," OECD, November 2018, www.oecd.org.

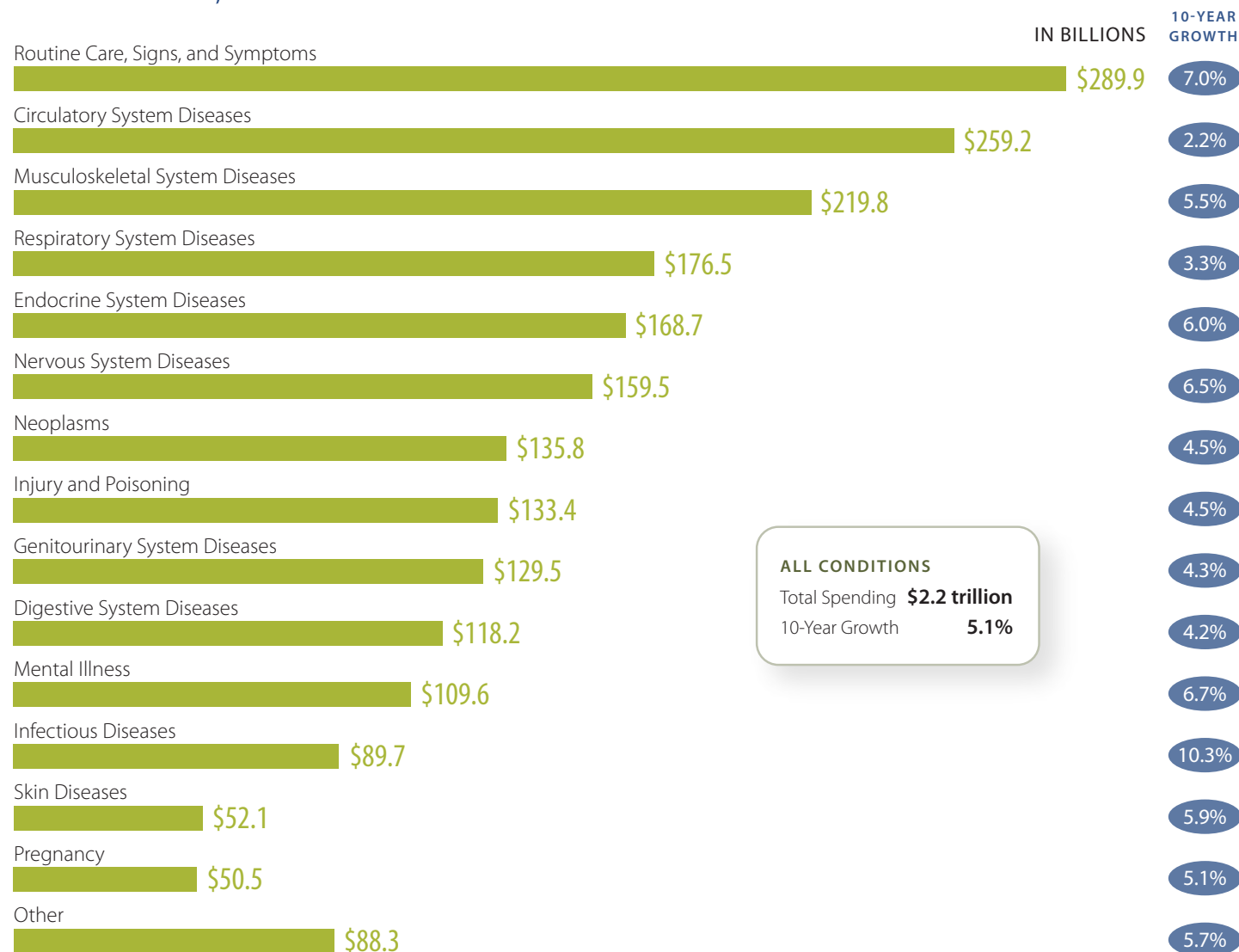
Health Care Costs 101

Spending Levels

In 2016, health spending in the US far exceeded that of other developed countries, both in per capita spending and as a percentage of gross domestic product. US health spending per capita was more than twice that of most developed countries.

Health Spending, by Disease and Condition

United States, 2015 and 10-Year Growth



Health Care Costs 101

Spending Levels

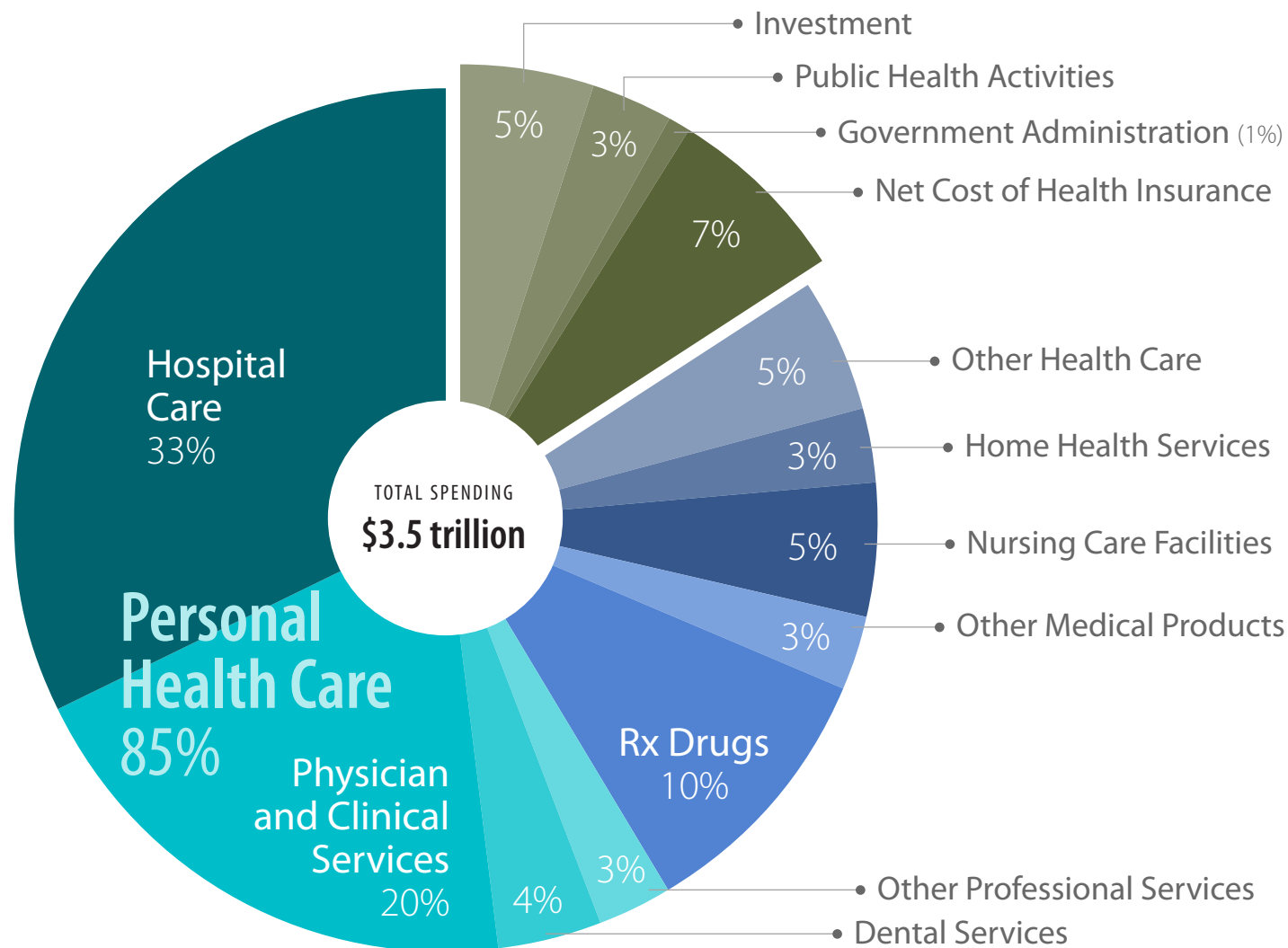
When looking at health spending by disease and other medical conditions, the most money was spent on routine care (\$290 billion), followed by circulatory system diseases (which include hypertension and heart disease). Over the past 10 years, spending on infectious diseases had the highest average annual growth rate, while spending on circulatory system diseases had the lowest growth rate.

Notes: In 2015, total spending on medical services by disease accounted for 84% of the \$2.6 trillion total health expenditures in the health care satellite account. The health care satellite account categorizes expenditures by medical services by disease, medical services by provider and medical products, appliances, and equipment. Ten-year growth percentages are average annual (2005–15). See Appendix C for medical condition detail.

Source: *Blended Account, 2000–2015*, Bureau of Economic Analysis, December 17, 2018, www.bea.gov.

Health Spending Distribution, by Category

United States, 2017



Health Care Costs 101

Spending Levels

In 2017, hospital 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 noncommercial 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.

Notes: *Health spending* refers to national health expenditures. Segments may not total 100% due to rounding. For additional detail on spending categories, see page 15 and Appendix A.

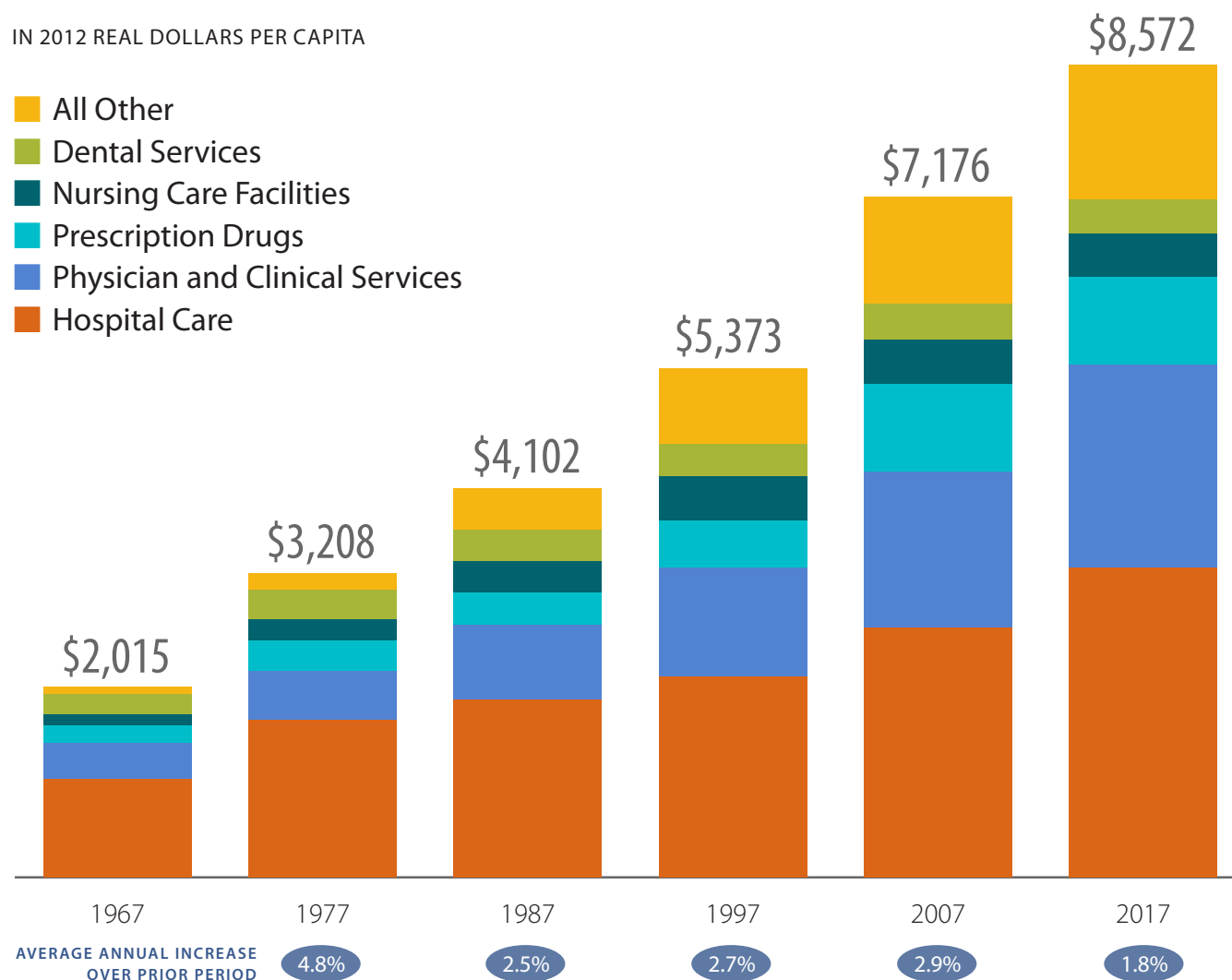
Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Personal Health Care Spending, Adjusted for Inflation

United States, 1967 to 2017, Selected Years

IN 2012 REAL DOLLARS PER CAPITA

- All Other
- Dental Services
- Nursing Care Facilities
- Prescription Drugs
- Physician and Clinical Services
- Hospital Care



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 (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and unpublished data associated with Table 23. "National Health Expenditures; Nominal Dollars, Real Dollars, Price Indexes, and Annual Percent Change: Selected Calendar Years," CMS.

Health Care Costs 101

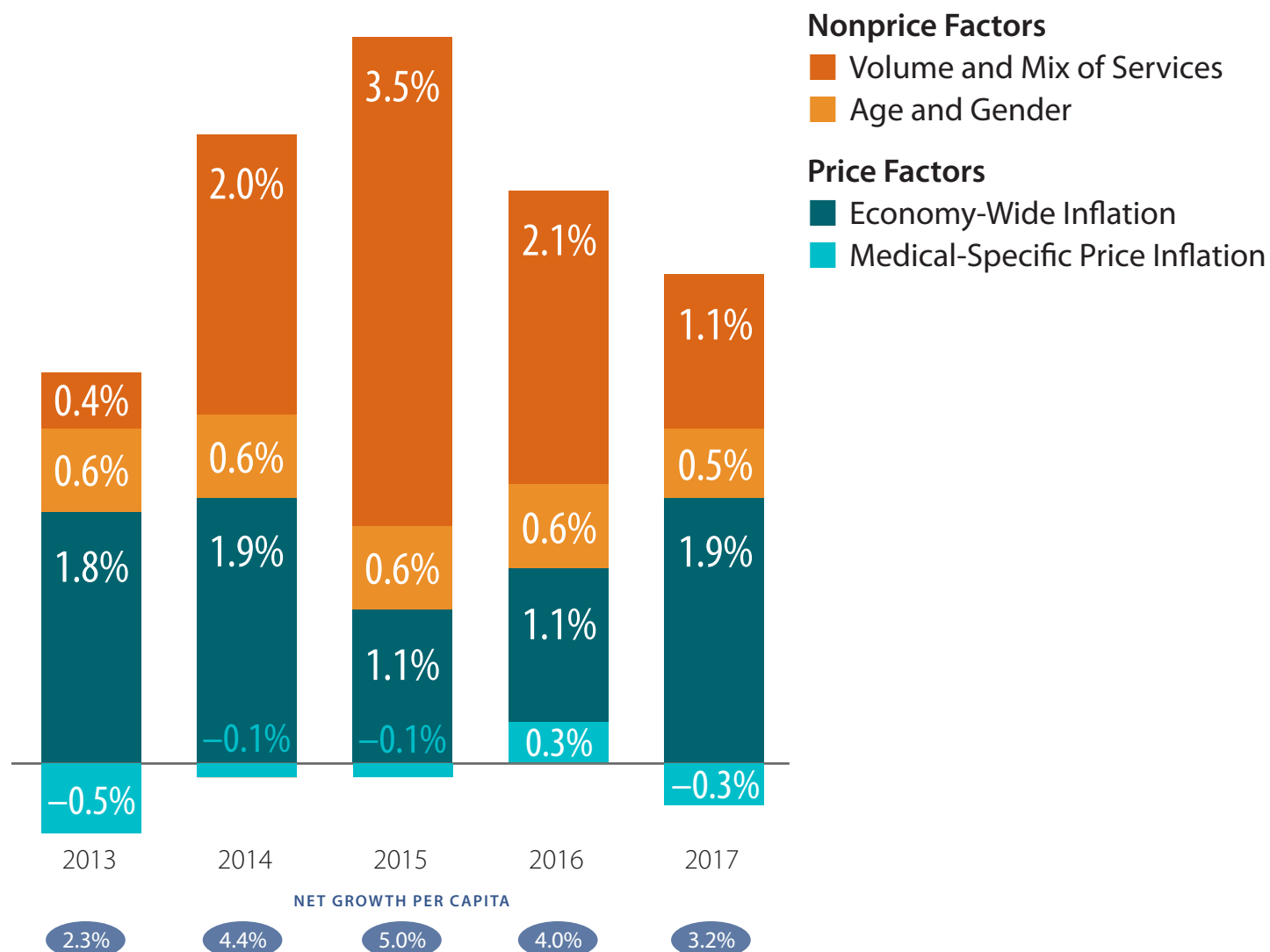
Spending Levels

The rise in personal health care spending is not simply due to medical price increases or population growth. In inflation-adjusted dollars,* per capita spending grew more than fourfold, from \$2,015 per person in 1967 to \$8,572 in 2017. Possible reasons for this growth include 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, and Methods* and *NHE Deflator Methodology* at www.cms.gov.

Factors Contributing to per Capita Spending Growth

United States, 2013 to 2017



Health Care Costs 101

Spending Levels

The biggest driver of 2017 per capita spending growth was economy-wide inflation, followed by increases in the volume and mix of services used. Medical-specific price inflation — above and beyond economy-wide inflation — did not drive spending increases from 2013 to 2017.

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 2,” in “National Health Care Spending In 2017: Growth Slows to Post–Great Recession Rates; Share of GDP Stabilizes,” *Health Affairs* 38, no. 1 (January 2019), doi:0.1377/hlthaff.2018.05085; and unpublished data points related to article’s Exhibit 2, Centers for Medicare & Medicaid Services.

Health Spending Summary, by Category

United States, 2016, 2017, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	1997	2016	2017	1997	2016	2017	1997–2017	2016	2017
National Health Expenditures	\$1,135.2	\$3,361.1	\$3,492.1	100%	100%	100%	5.8%	4.8%	3.9%
Hospital Care	363.4	1,092.8	1,142.6	32%	33%	33%	5.9%	5.6%	4.6%
Physician and Clinical Services	238.9	666.5	694.3	21%	20%	20%	5.5%	5.6%	4.2%
Dental Services	50.3	125.1	129.1	4%	4%	4%	4.8%	5.2%	3.2%
Other Professional Services	31.3	92.4	96.6	3%	3%	3%	5.8%	5.1%	4.6%
Nursing Care Facilities	74.1	163.0	166.3	7%	5%	5%	4.1%	3.1%	2.0%
Home Health Services	36.9	93.1	97.0	3%	3%	3%	5.0%	4.3%	4.3%
Other Health Care	50.0	173.4	183.1	4%	5%	5%	6.7%	5.3%	5.6%
Prescription Drugs	77.6	332.0	333.4	7%	10%	10%	7.6%	2.3%	0.4%
Other Medical Products	46.8	113.6	118.5	4%	3%	3%	4.8%	4.4%	4.3%
Net Cost of Health Insurance	48.5	220.7	229.5	4%	7%	7%	8.1%	6.2%	4.0%
Government Administration	12.3	44.7	45.0	1%	1%	1%	6.7%	4.8%	0.5%
Public Health Activities	34.8	85.6	88.9	3%	3%	3%	4.8%	2.7%	3.9%
Investment	70.4	158.2	167.6	6%	5%	5%	4.4%	2.4%	6.0%

Notes: *Health spending* refers to national health expenditures. *Growth* for 1997–2017 is average annual rate; 2016 and 2017 are annual rates. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Spending Levels

The 2017 growth rate in US health spending (3.9%) was lower than the previous year (4.8%) and the 20-year average (5.8%). Over the past 20 years, hospital care has remained the largest spending category.

SPENDING CATEGORY DEFINITIONS

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

Investment includes noncommercial research, structures, and equipment.

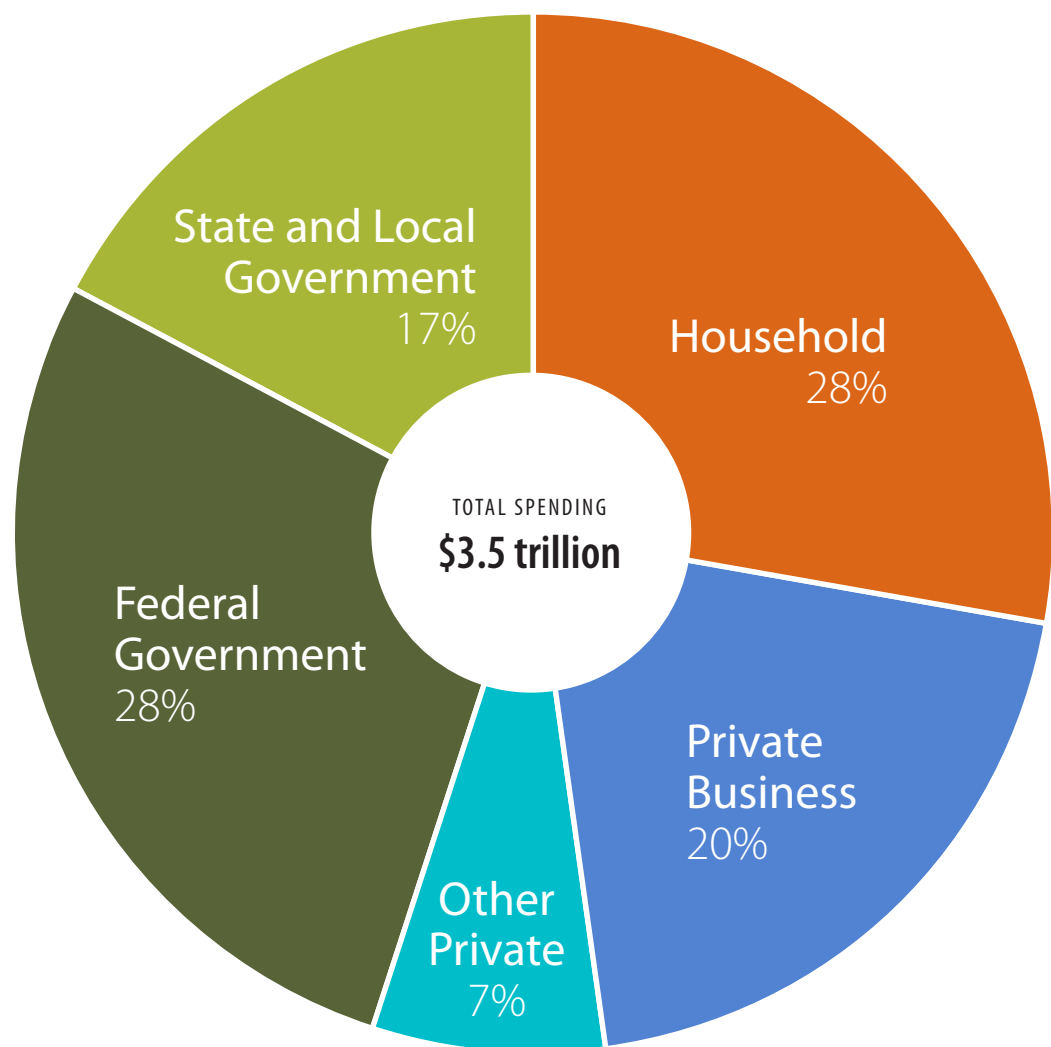
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

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, 2017



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.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Sponsors

Sponsors finance the nation's health care by paying insurance premiums, out-of-pocket expenses, and payroll taxes, or by directing general tax revenues to health care. In 2017, the federal government and households were the largest sponsors, each accounting for 28% of health spending.

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.

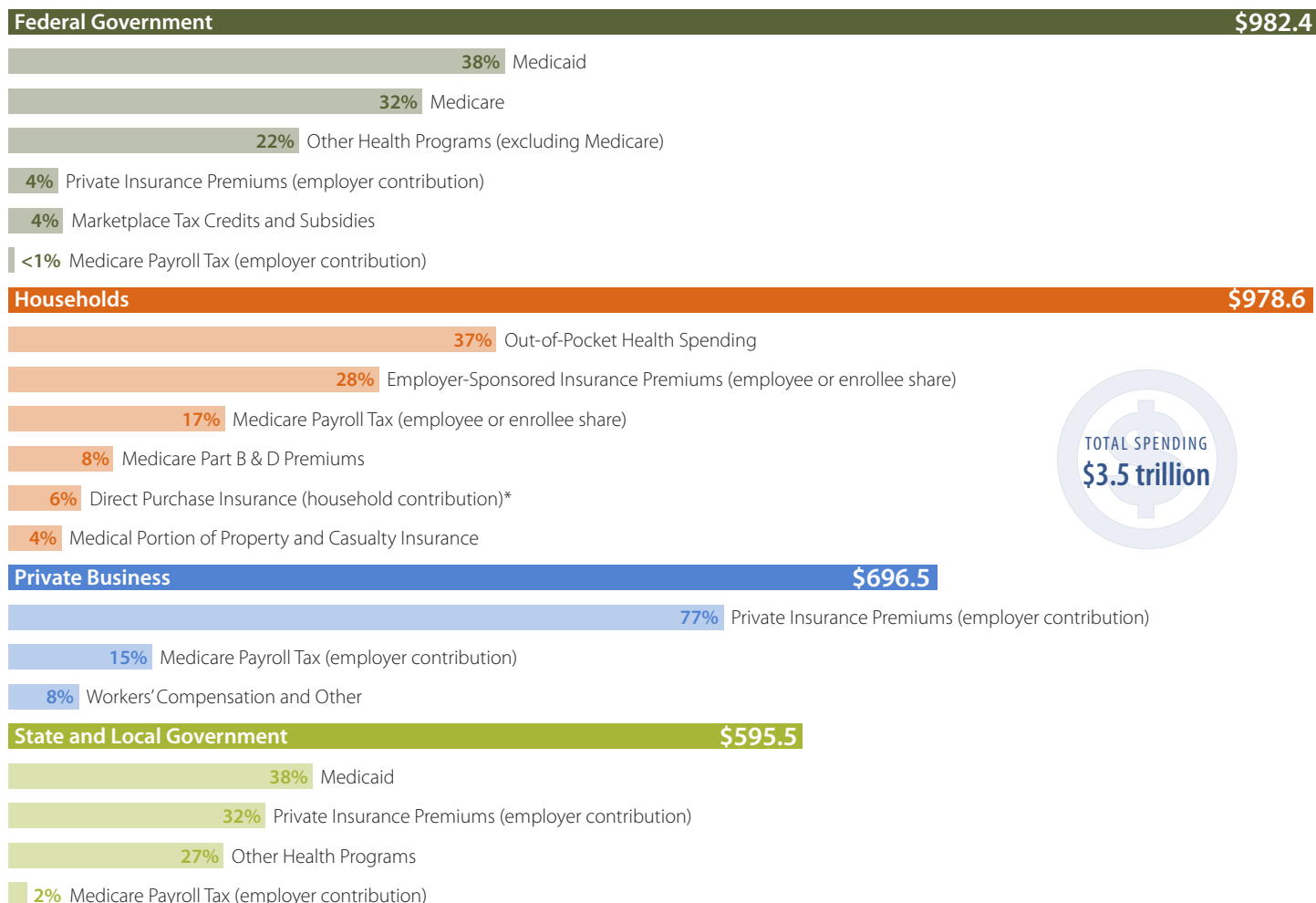
Other private contributions include philanthropy, privately funded structures and equipment, and investment income.

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, 2017



TOTAL SPENDING
\$3.5 trillion

Health Care Costs 101

Sponsors

Medicaid accounted for the largest share (38%) of federal spending on health care in 2017. Marketplace tax credits and subsidies totaled 4% of federal health spending. Out-of-pocket spending was the largest component of household health spending, at 37%. Employer contributions to workers' health insurance premiums made up the majority (77%) of private business health spending.

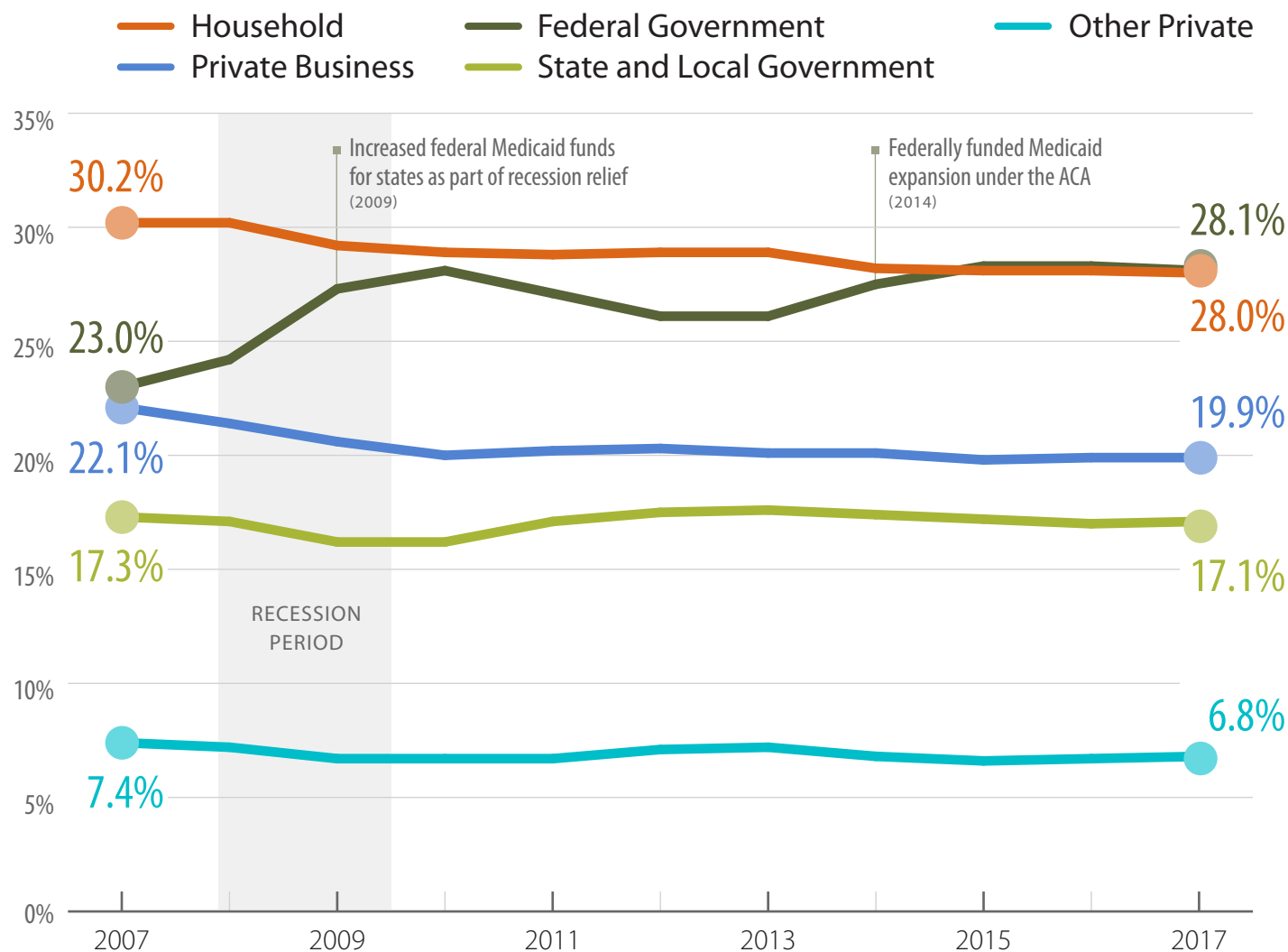
*Includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange.

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. *Marketplace* is individual coverage purchased on federal- and state-run health exchanges, such as [healthcare.gov](https://www.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 and cost-sharing reductions. Not shown: other private revenues (\$239.0 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 (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Spending Distribution, by Sponsor

United States, 2007 to 2017



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See page 17 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Sponsors

Since 2007, the share of spending sponsored by the federal government has grown, while the shares sponsored by households and business declined. The federal share leveled off at 28% between 2015 and 2017.

Health Spending Summary, by Sponsor

United States, 2016, 2017, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	1997	2016	2017	1997	2016	2017	1997–2017	2016	2017
National Health Expenditures	\$1,135.2	\$3,361.1	\$3,492.1	100%	100%	100%	5.8%	4.8%	3.9%
Household	360.9	942.8	978.6	32%	28%	28%	5.1%	4.8%	3.8%
Private Business	258.9	669.1	696.5	23%	20%	20%	5.1%	5.5%	4.1%
Other Private Revenue	91.5	224.7	239.0	8%	7%	7%	4.9%	5.7%	6.4%
Federal Government	239.5	952.4	982.4	21%	28%	28%	7.3%	4.9%	3.2%
State and Local Government	184.5	572.0	595.5	16%	17%	17%	6.0%	3.8%	4.1%

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Growth* for 1997–2017 is average annual rate; 2016 and 2017 are annual rates. *Other private revenue* includes philanthropy, privately funded structures and equipment, and investment income. Figures may not sum due to rounding. See page 17 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

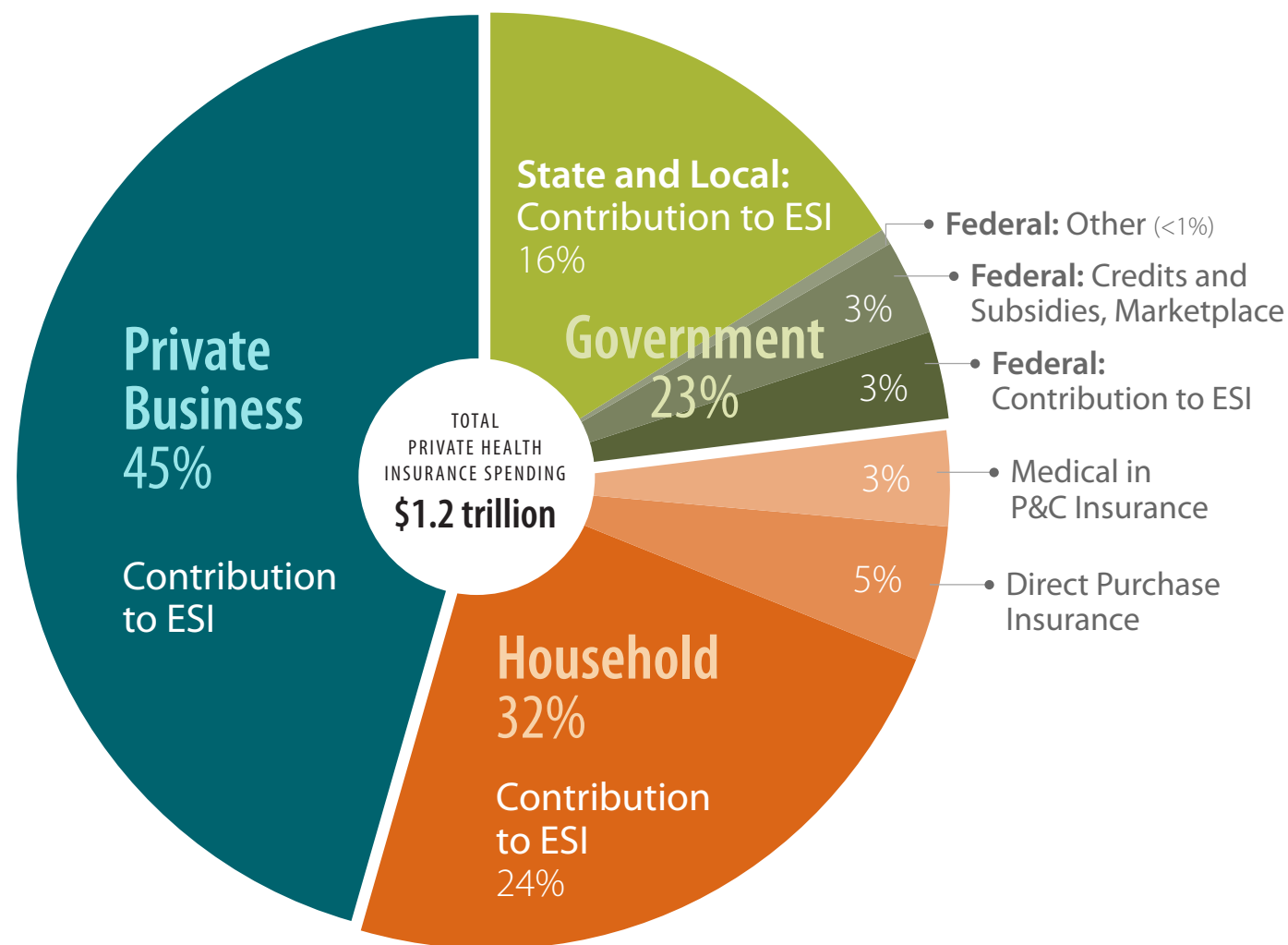
Health Care Costs 101

Sponsors

Over the past 20 years, federal government spending grew at an average rate of 7.3% per year, faster than spending by other sponsors. Slower growth in household spending resulted in its share of spending decreasing from 32% in 1997 to 28% in 2017.

Sponsors of Private Health Insurance

United States, 2017



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 may not total 100% due to rounding.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

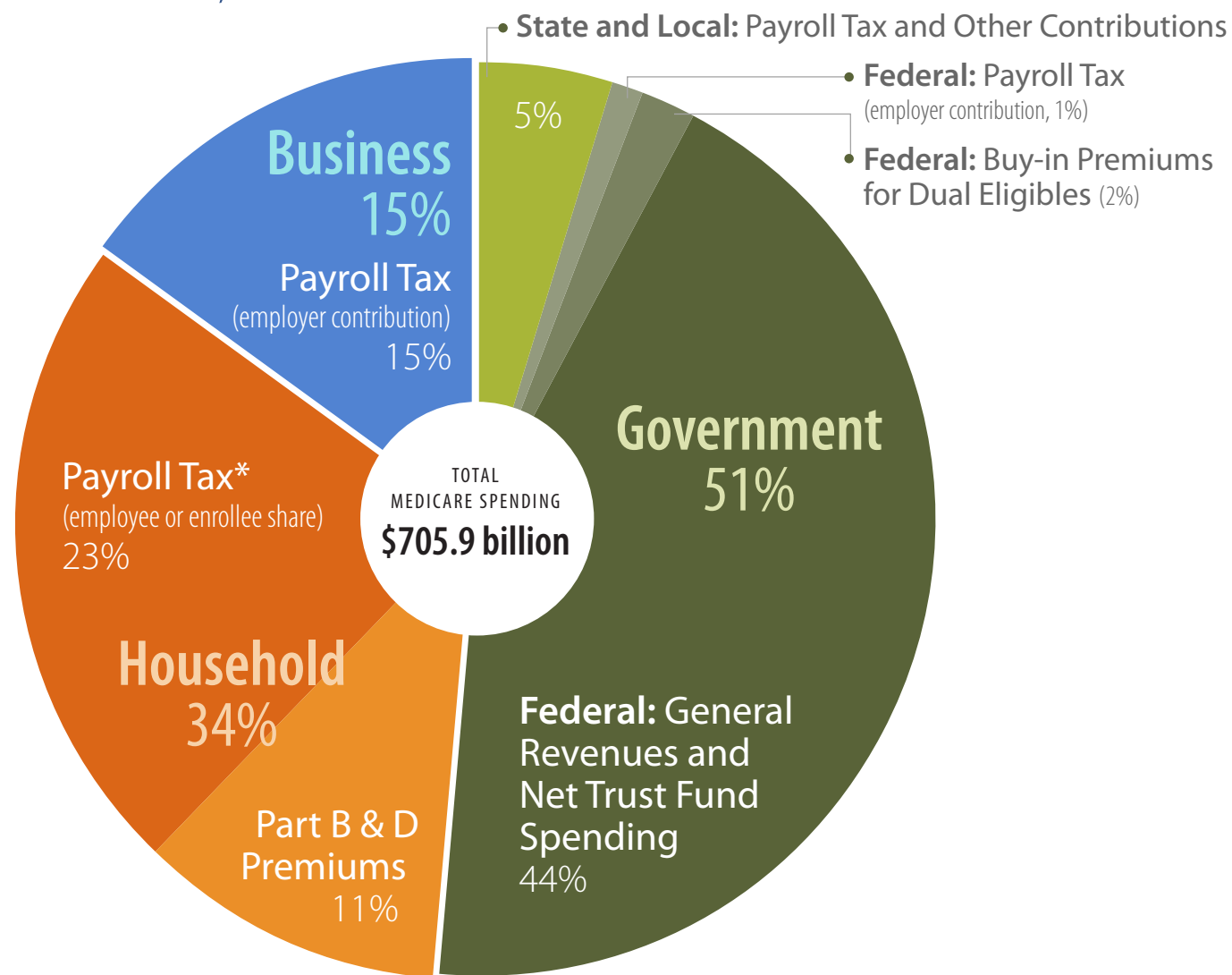
Health Care Costs 101

Sponsors

Spending on private health insurance totaled \$1.2 trillion in 2017. Private business and households were the largest funders of private health insurance, accounting for 45% and 32%, respectively. In addition to contributing to government workers' premiums, the federal government funded ACA-related individual marketplace tax credits and cost-sharing subsidies, which accounted for 3% (\$41 billion) of all private health insurance spending.

Sponsors of Medicare

United States, 2017



*Household payroll tax category includes employee and self-employed tax, plus voluntary premiums paid to Medicare Hospital Insurance Trust Fund (Part A).

Notes: *Sponsors* are the entities that are ultimately responsible for financing the health care bill. Medicare Part B premiums cover professional services, and Part D premiums cover prescription drugs. Segments may not sum to their category subtotals due to rounding.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

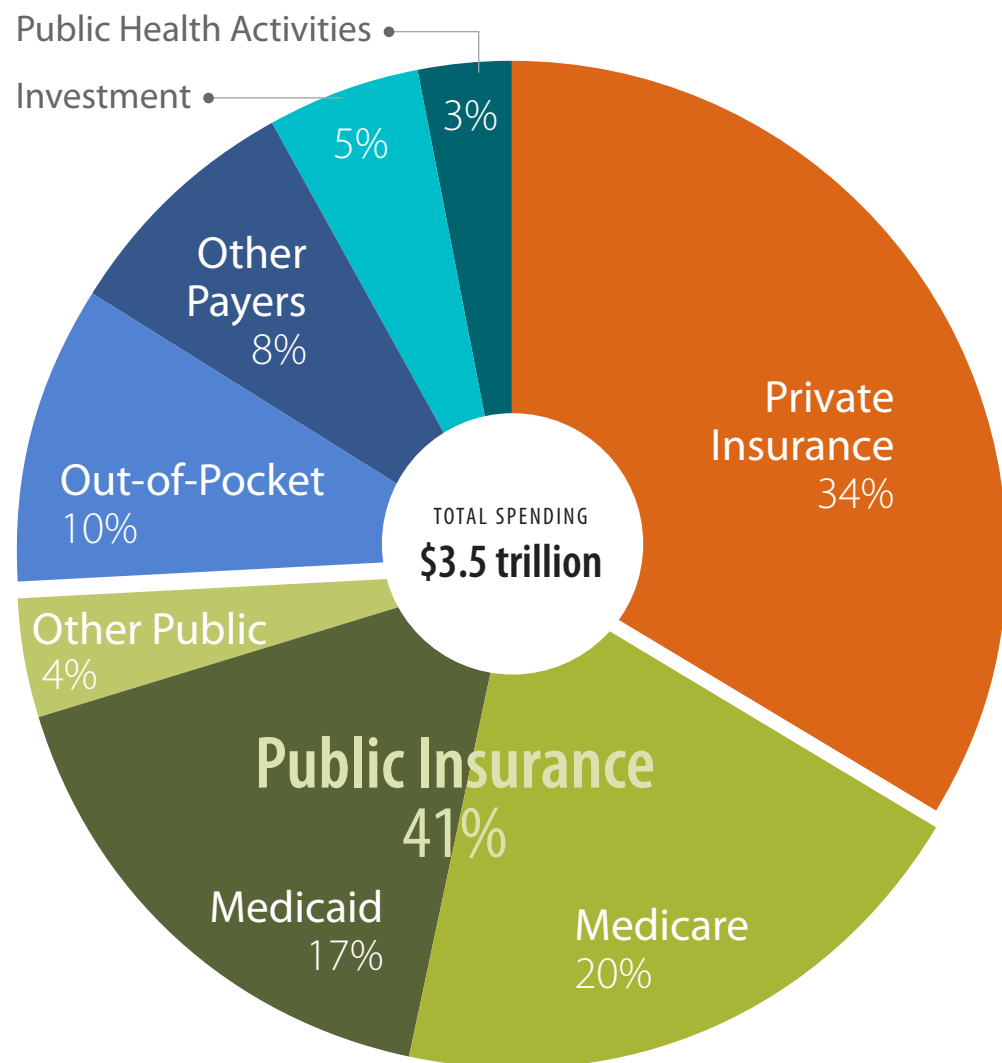
Sponsors

Medicare is financed by general revenue, payroll taxes, and premiums. In 2017, the payroll taxes contributed by employees, businesses, and government accounted for 40%[†] of Medicare spending. Part B and Part D premiums paid by individuals were 11%, while general revenue and other sources accounted for the remaining half.

[†]Payroll contributions by sponsor: households (22%), business (15%), federal government (1%), and state and local government (2%).

Health Spending Distribution, by Payer

United States, 2017



PRIVATE INSURANCE

\$1.2 TRILLION

Employer-Sponsored	88%
Marketplace	5%
Medical in P&C Insurance	3%
Medigap	2%
Other Direct Purchase	2%

Health Care Costs 101

Payment Sources

In 2017, public health insurance accounted for the largest share of health care costs (41%). Medicare was 20% of all health spending while Medicaid was 17%. Private health insurance paid for 34% of health spending. Consumers' out-of-pocket spending accounted for 10%.

PAYER DEFINITIONS

Investment includes noncommercial research, structures, and equipment.

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

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

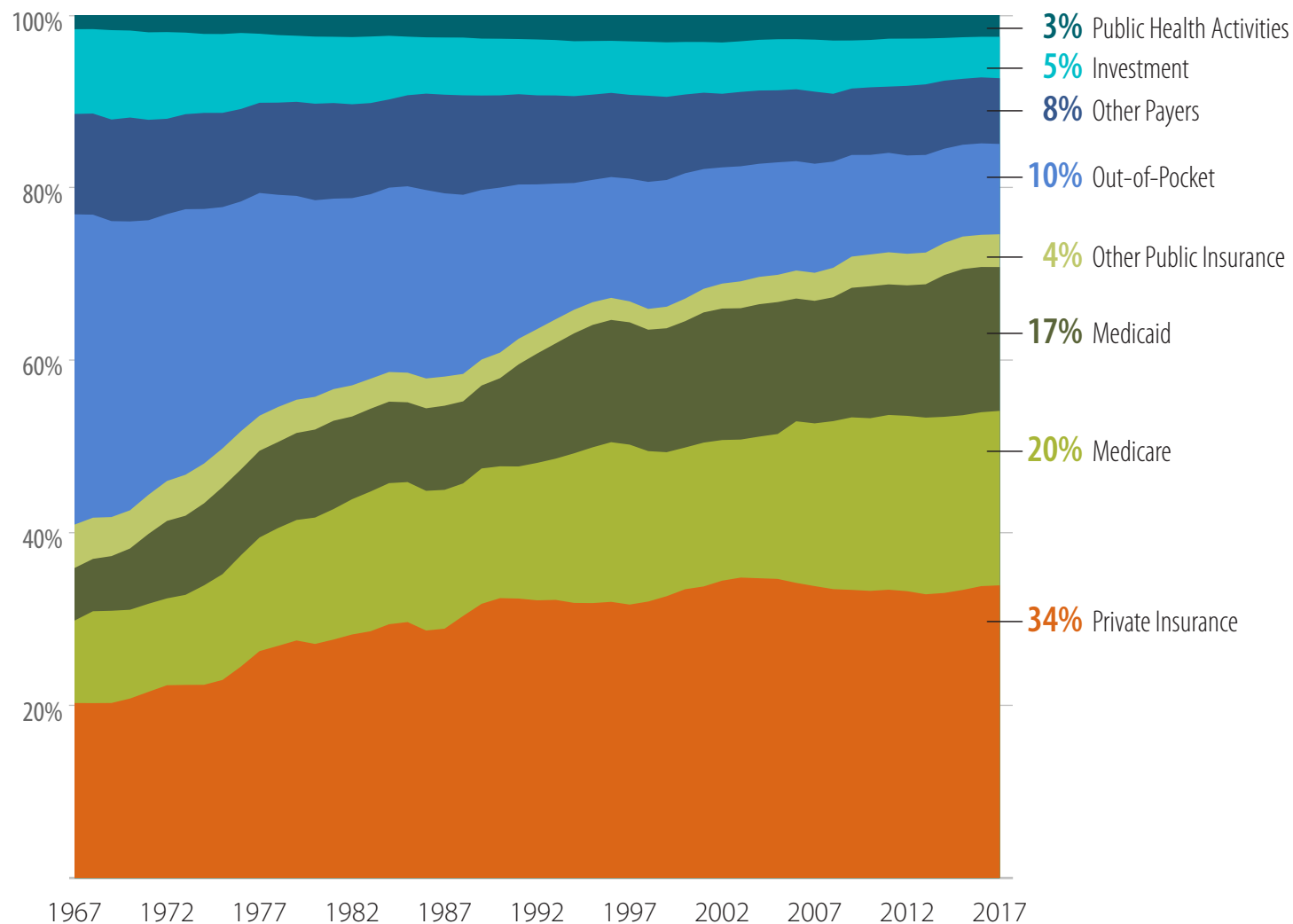
Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Notes: *Health spending* refers to national health expenditures. *P&C* refers to property and casualty. Segments do not total 100% due to rounding.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Payment Sources

United States, 1967 to 2017



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

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Payment Sources

Over time, out-of-pocket spending has shrunk as a share of all health spending, while 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 insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program.

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, 2016, 2017, and 10-Year Projection

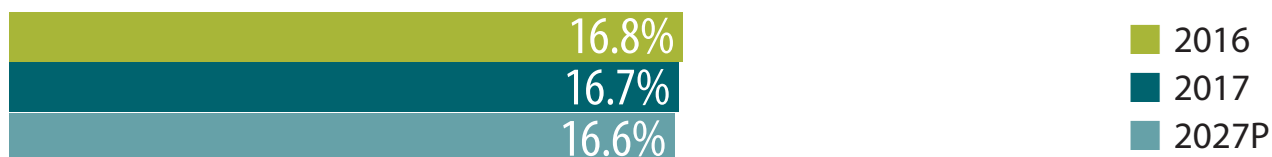
Private Insurance



Medicare



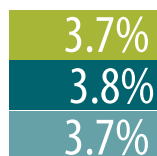
Medicaid



Out-of-Pocket



Other Public Insurance



Notes: *Health spending* refers to national health expenditures. Projections are shown as *P* and are based on current law as of December 2018. See page 23 for historical distribution. Not shown: other payers, public health activities, and investment, which totaled 14.9%, 15.0%, and 13.9% in 2016, 2017, and 2027P, respectively.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

Health Care Costs 101

Payment Sources

Private health insurance is projected to remain the largest health care payer through 2027. Medicare's share of spending is projected to reach 24% in 2027 as the population ages.

PAYER DEFINITIONS

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

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

Health Spending Summary, by Payer

United States, 2016, 2017, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	1997	2016	2017	1997	2016	2017	1997–2017	2016	2017
National Health Expenditures	\$1,135.2	\$3,361.1	\$3,492.1	100%	100%	100%	5.8%	4.8%	3.9%
Out-of-Pocket	161.4	356.1	365.5	14%	11%	10%	4.2%	4.4%	2.6%
Private Insurance	359.6	1,136.4	1,183.9	32%	34%	34%	6.1%	6.2%	4.2%
Medicare	210.4	677.1	705.9	19%	20%	20%	6.2%	4.3%	4.2%
Medicaid	160.8	565.6	581.9	14%	17%	17%	6.6%	4.2%	2.9%
• Federal	95.0	358.3	361.2	8%	11%	10%	6.9%	4.6%	0.8%
• State and Local	65.9	207.3	220.6	6%	6%	6%	6.2%	3.6%	6.4%
Other Public Insurance	27.5	125.3	132.6	2%	4%	4%	8.2%	3.5%	5.8%
Other Payers	110.3	256.8	265.8	10%	8%	8%	4.5%	4.9%	3.5%
Public Health Activities	34.8	85.6	88.9	3%	3%	3%	4.8%	2.7%	3.9%
Investment	70.4	158.2	167.6	6%	5%	5%	4.4%	2.4%	6.0%

Notes: *Health spending* refers to national health expenditures. *Growth* for 1997–2017 is average annual rate; 2016 and 2017 are annual rates. Columns may not sum due to rounding.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Payment Sources

Medicaid's share of overall US health spending was larger in 2017 than in 1997, with federal spending accounting for most of the increase. Out-of-pocket spending had the slowest growth rate over the 20-year period.

PAYER DEFINITIONS

Investment includes noncommercial research, structures, and equipment.

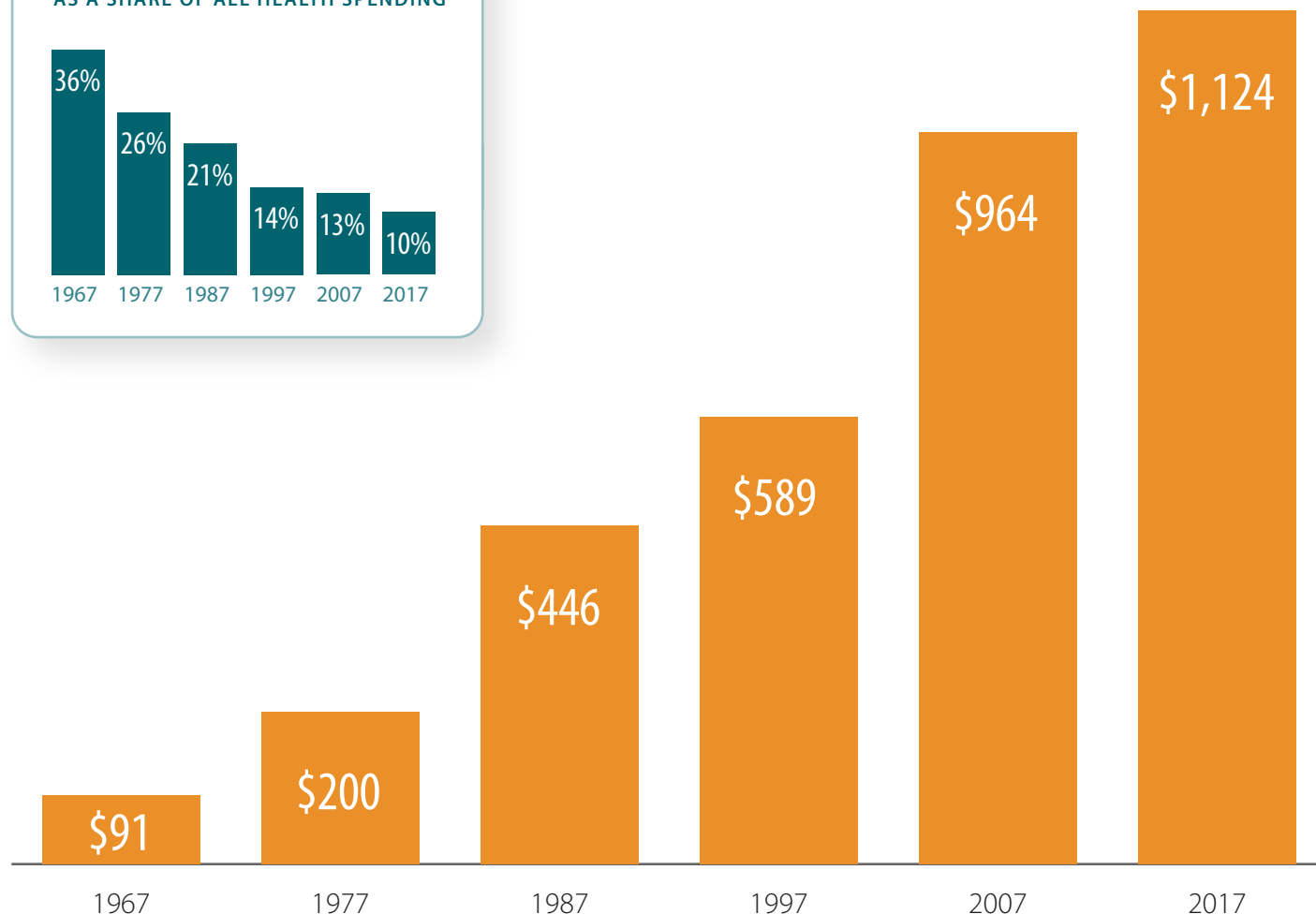
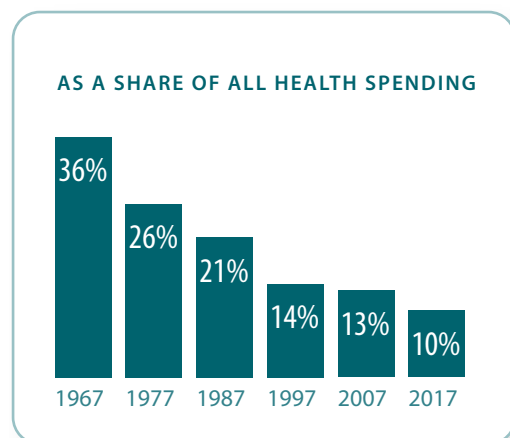
Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

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

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, 1967 to 2017, Selected Years



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

Sources: Author calculations based on National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid (CMS), www.cms.gov; and related unpublished data, CMS.

Health Care Costs 101

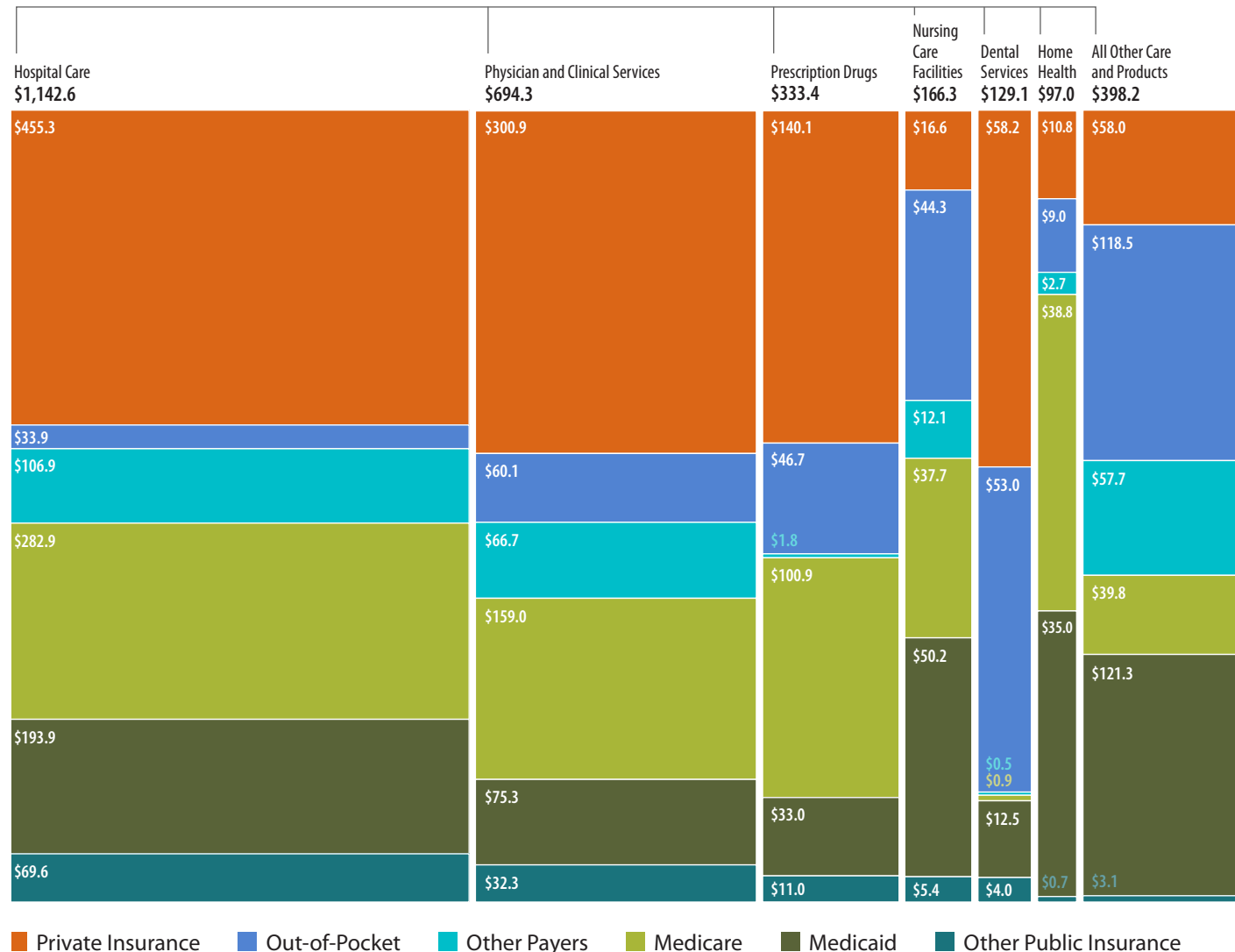
Payment Sources

Out-of-pocket spending on health care reached \$1,124 per person in 2017. Although out-of-pocket per capita spending has risen steadily, its share of total per capita health spending has declined. In 1967, the \$91 spent out of pocket accounted for 36% of the \$253 per capita health spending. In 2017, the average \$1,124 spent out of pocket was 10% of the \$10,739 spent per capita.

Payer Mix, by Service Category

United States, 2017

PAYER SEGMENTS IN BILLIONS



Notes: *All other care and products* consists of other medical products (durable medical equipment and 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: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Payment Sources

The payer mix for health care differs by service provided. For example, home health services were largely paid for by Medicare and Medicaid, while most dental services were paid for by private health insurance and out-of-pocket.

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

PAYER DEFINITIONS

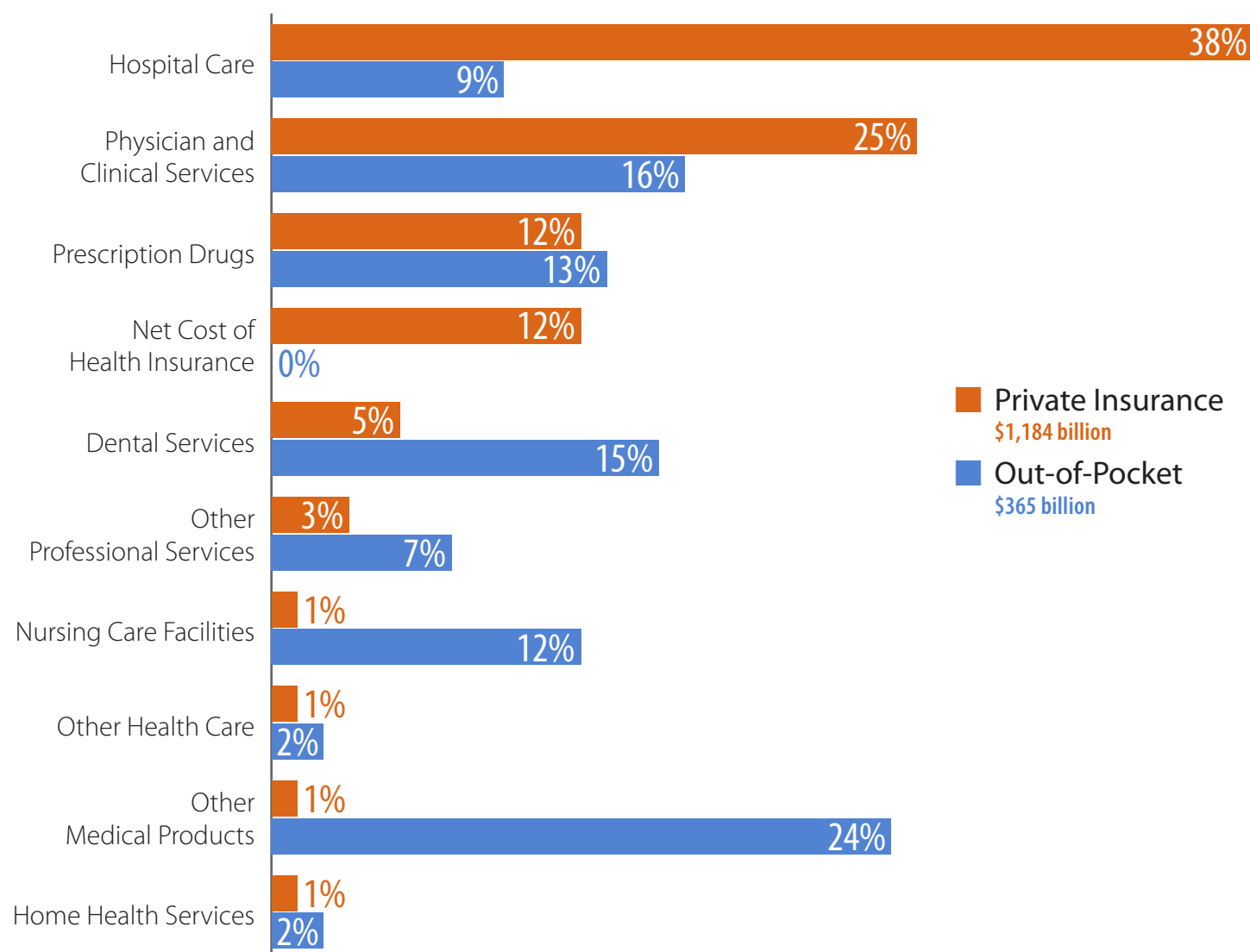
Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

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

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, 2017



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 (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Payment Sources

In 2017, hospital care was the largest expense category for private insurance spending. In contrast, the largest category for out-of-pocket spending was other medical products, which includes eyeglasses, over-the-counter medications, and durable items such as wheelchairs.

SPENDING CATEGORY DEFINITIONS

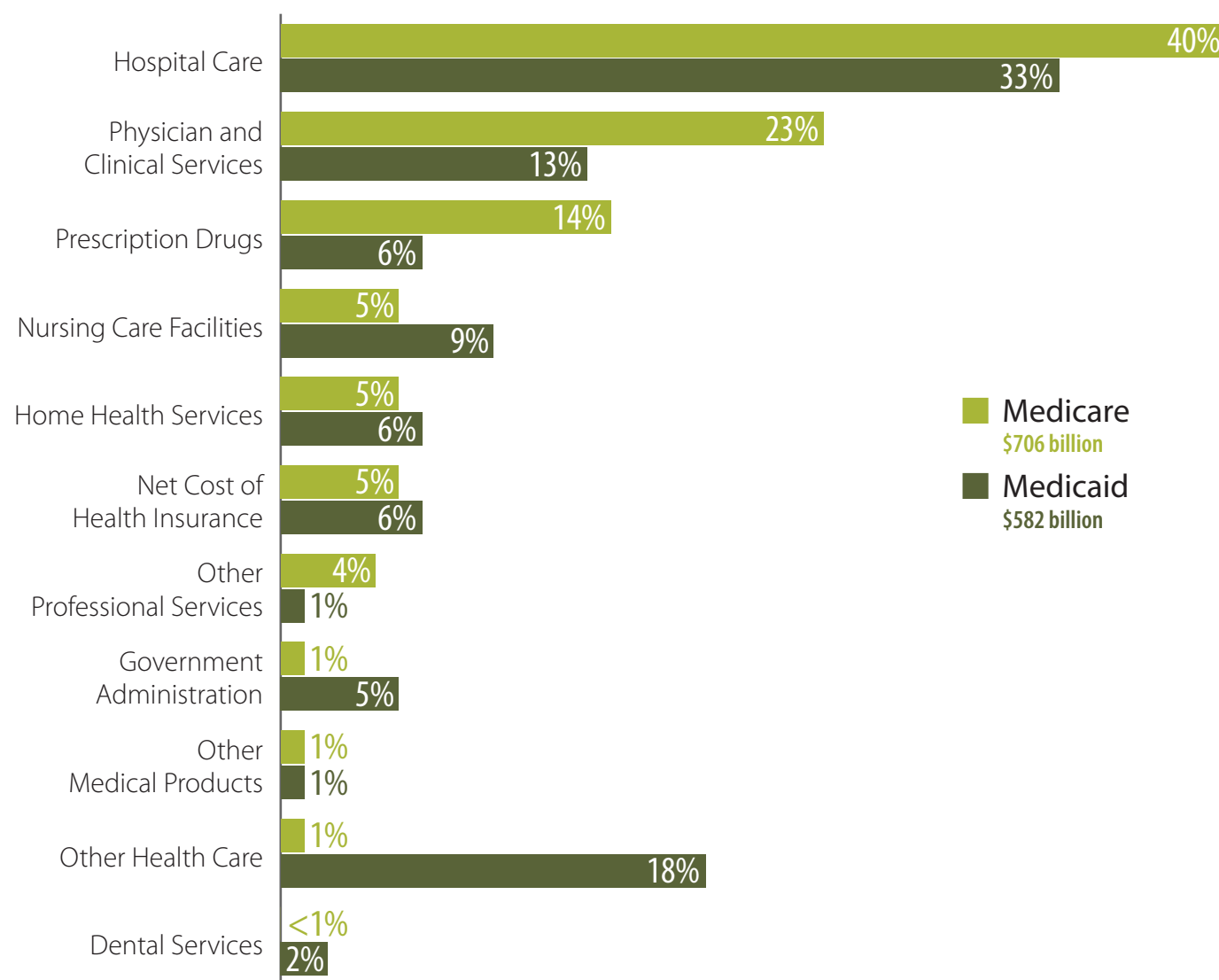
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

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.

Spending Distribution, Medicare vs. Medicaid

United States, 2017



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 (1960–2017), Centers for Medicare & Medicaid, 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 was other health care, which includes home- and community-based waiver programs that provide alternatives to long-term institutional services.

SPENDING CATEGORY DEFINITIONS

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

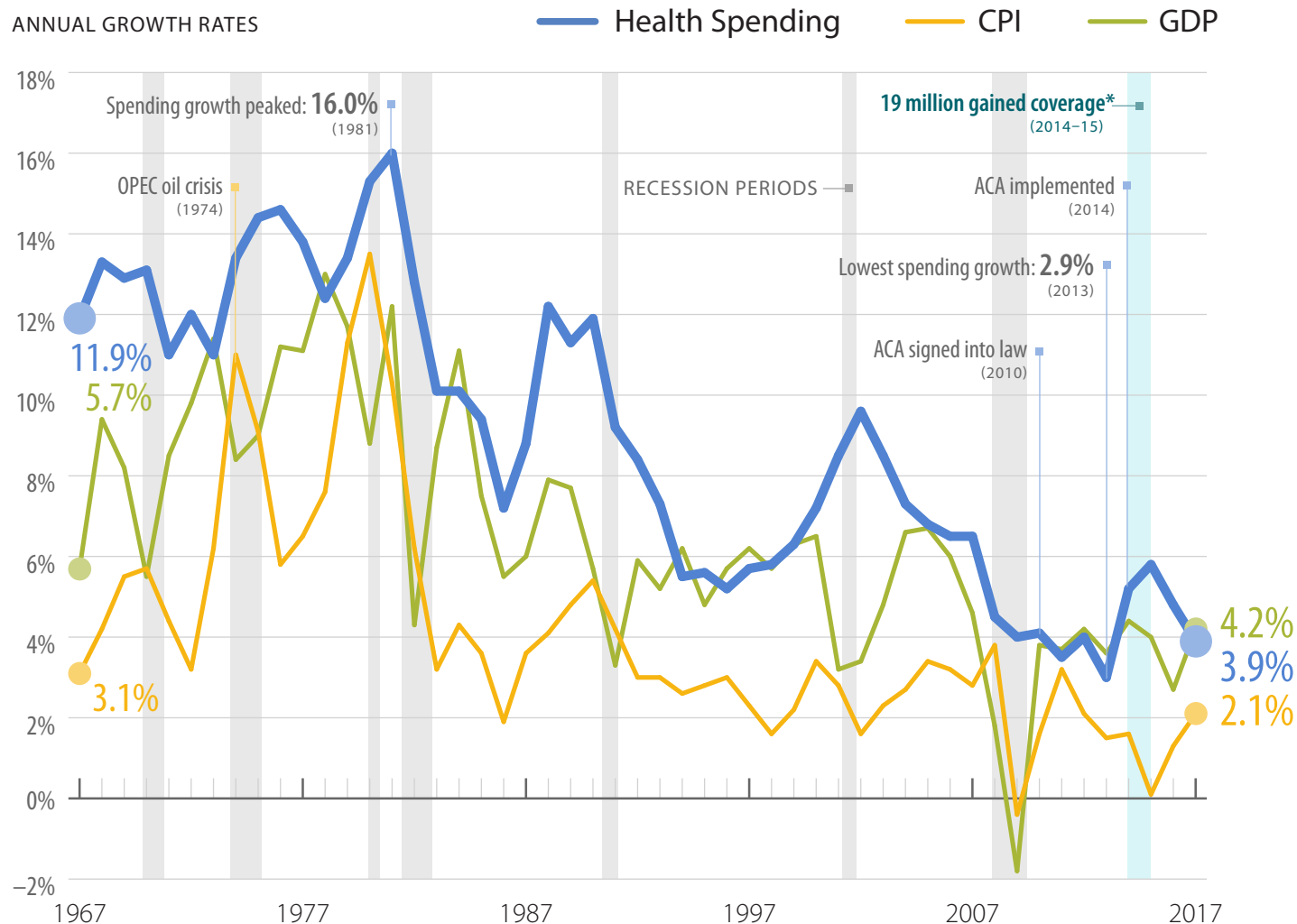
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

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 vs. Inflation and the Economy

United States, 1967 to 2017



*10 million additional Medicaid enrollees (+17.3%); 9 million additional privately insured (+4.6%).

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.

Sources: Author calculations based on National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid Services, www.cms.gov; "Gross Domestic Product," Bureau of Economic Analysis, last modified November 28, 2018, www.bea.gov; and "Consumer Price Index," Bureau of Labor Statistics, n.d., www.bls.gov.

Health Care Costs 101

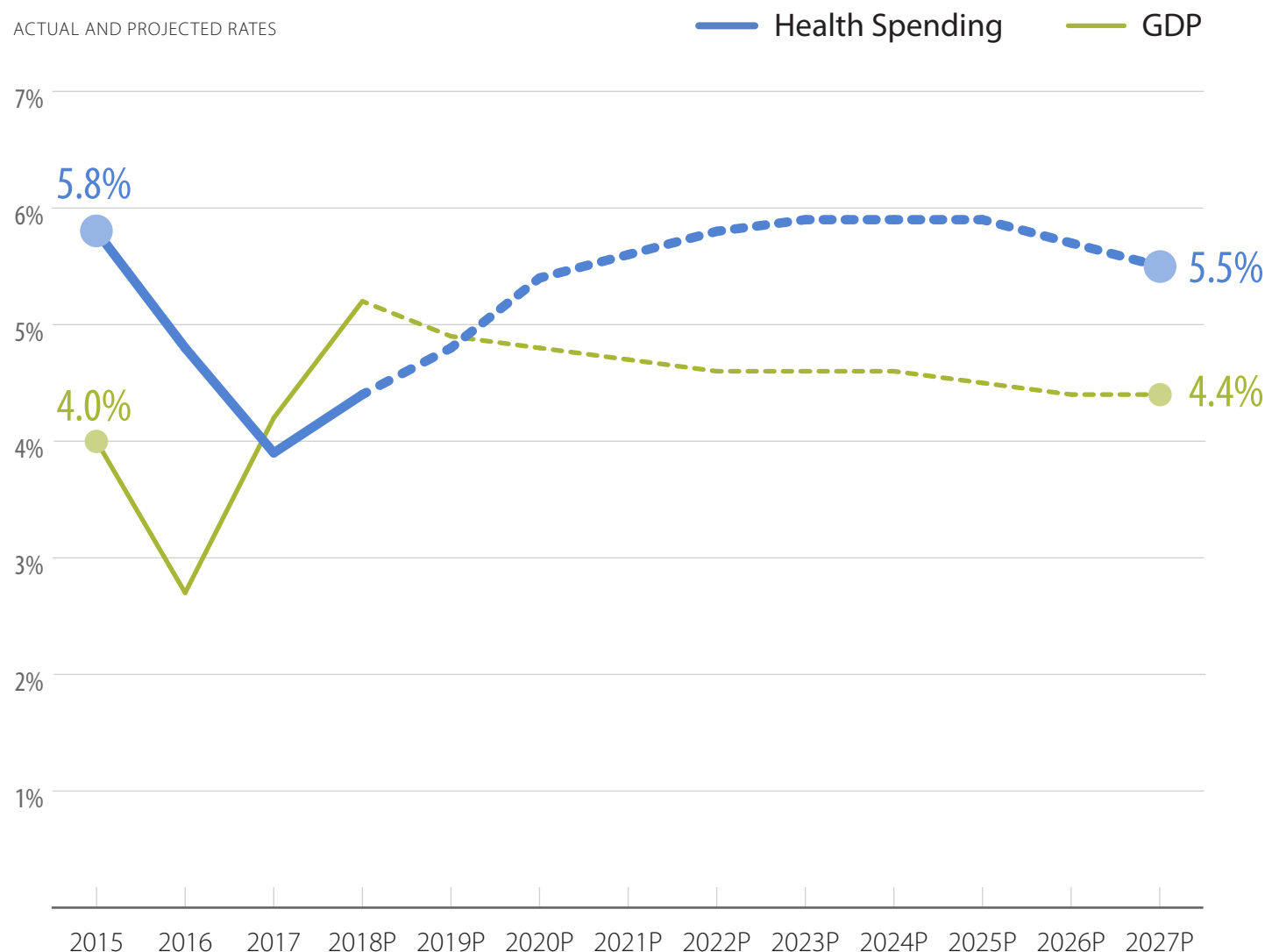
Growth Trends

In general, health spending has outpaced both inflation and economic growth over the last 50 years. From 2010 to 2012, health care spending grew at a rate similar to the economy. Health spending increased in 2014 and 2015 as millions of people gained health insurance. Spending slowed in 2016 and 2017, as post-ACA enrollment stabilized.

Annual Growth Rates, Health Spending vs. the Economy

United States, 2015 to 2017 and 10-Year Projections

ACTUAL AND PROJECTED RATES



Notes: *Health spending* refers to national health expenditures. *GDP* refers to gross domestic product. Projections are shown as *P* and are based on current law as of December 2018.

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

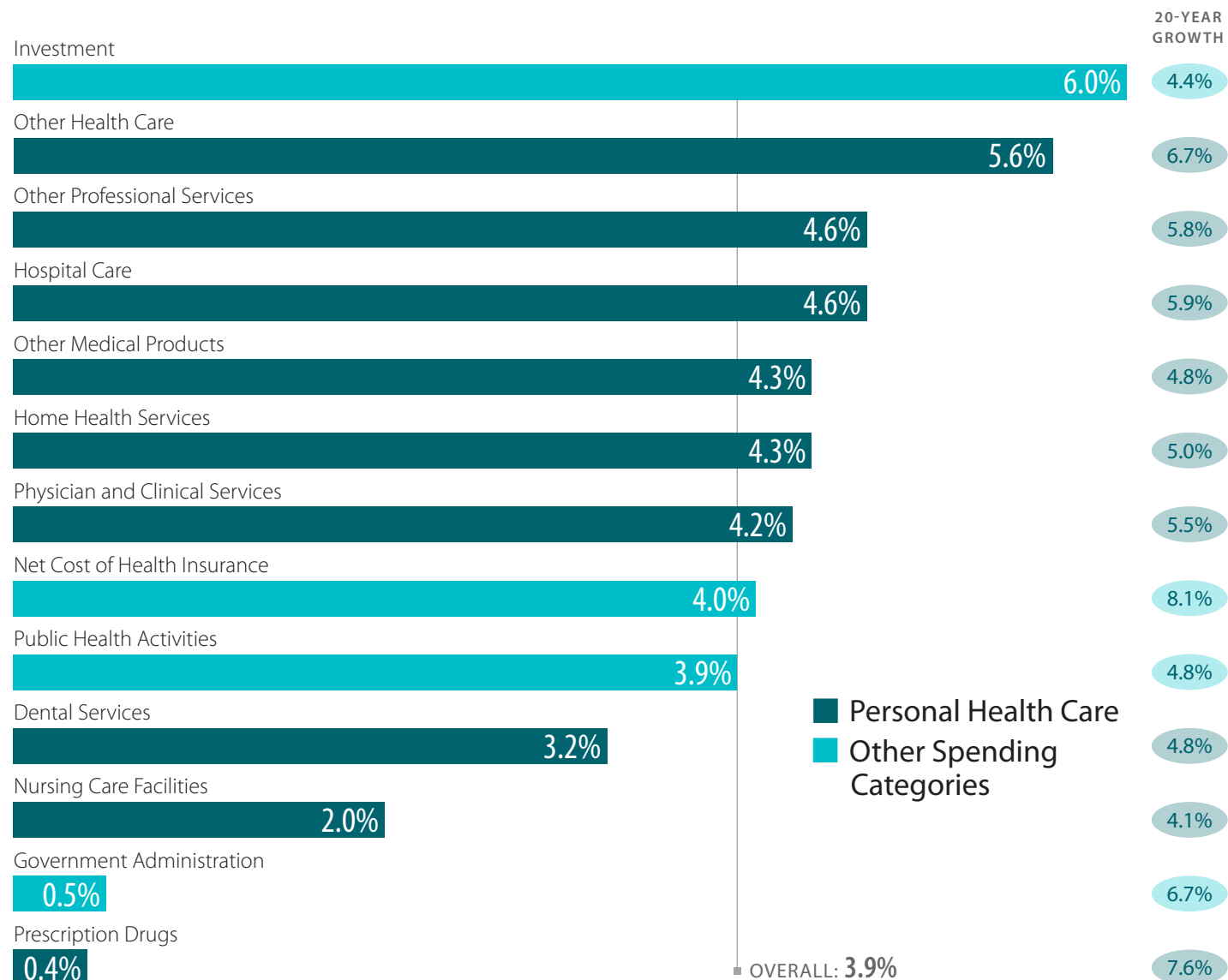
Health Care Costs 101

Growth Trends

Over the 10-year projection period, 2018 to 2027, health spending is expected to increase at an average rate of 5.5% per year, about one percentage point faster than the gross domestic product. Based on these estimates, health care is projected to account for almost one-fifth of the economy by 2027.

Growth Rates, by Spending Category

United States, 2017



Notes: Twenty-year growth percentages are average annual (1997–2017). For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.
 Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Growth Trends

Growth rates in 2017 for the major spending categories ranged from 0.4% for prescription drugs to 6.0% for investment. The 2017 growth in prescription drug spending was the slowest since 2012 (not shown), driven largely by changes in the use and mix of retail prescription drugs and to a lesser extent by prices.

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.

Annual Growth in Health Spending, by Sponsor

United States, 2017

Other Private Revenue

6.4%

Private Business

4.1%

State and Local Government

4.1%

Household

3.8%

Federal Government

3.2%

OVERALL: 3.9%

Health Care Costs 101

Growth Trends

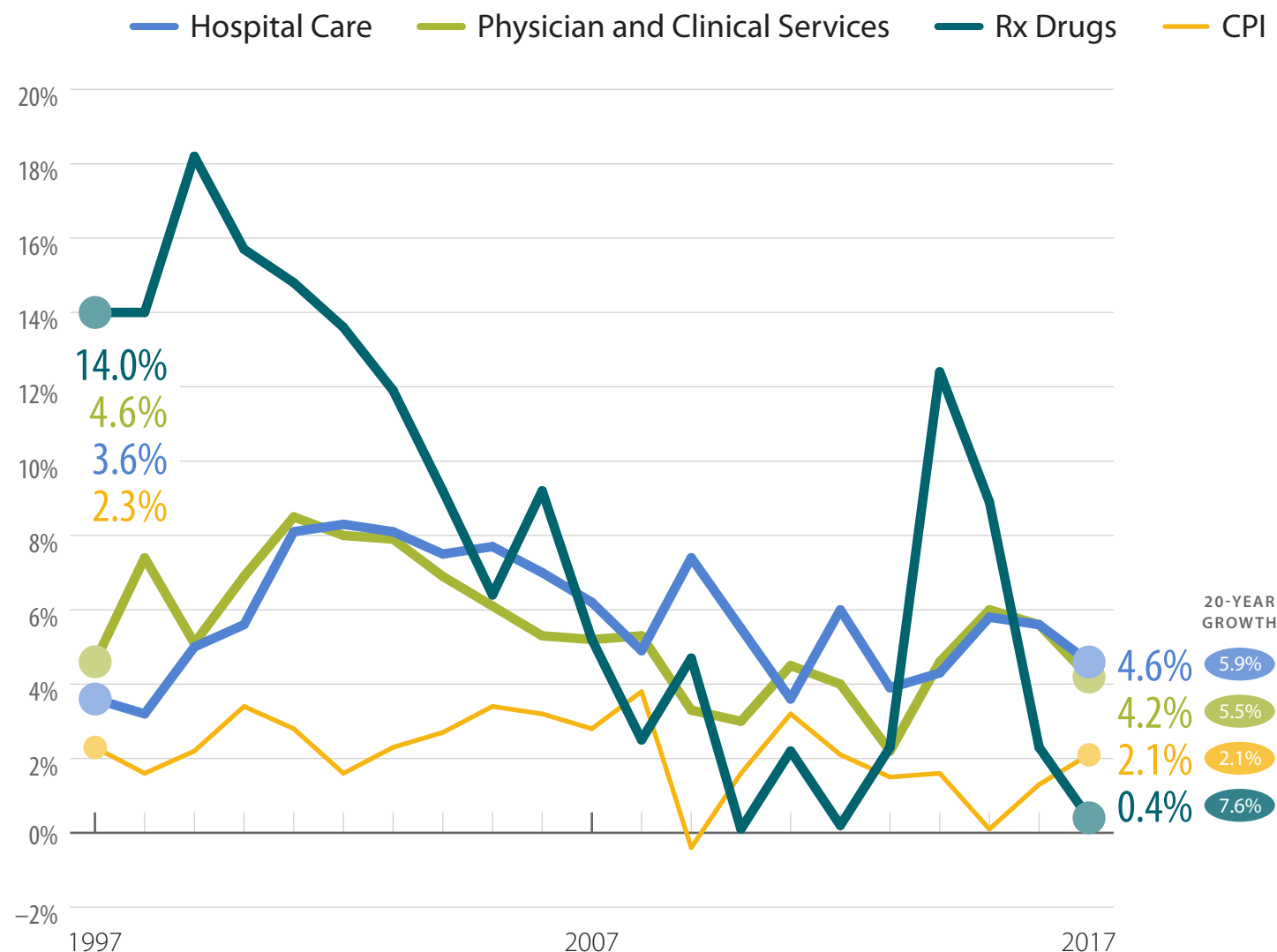
In 2017, spending by private business, government, and households grew at similar rates.

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 pages 16, 17, and 19 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Annual Growth Rates, Largest Spending Categories

United States, 1997 to 2017



Notes: Health spending refers to national health expenditures. CPI is consumer price index. Twenty-year growth percentages are average annual (1997–2017).

Source: Author calculations based on National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

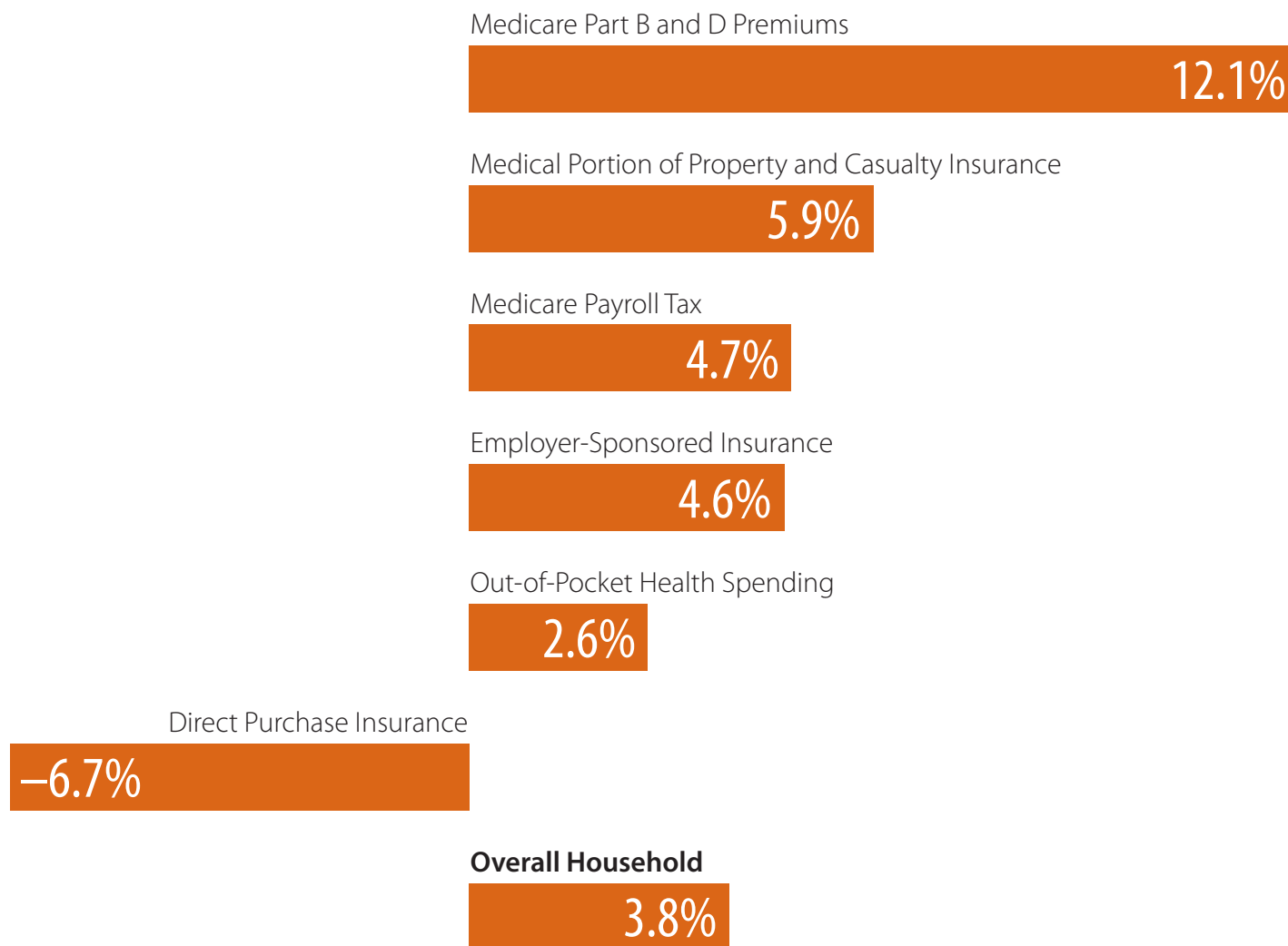
Health Care Costs 101

Growth Trends

Over the past 20 years, annual growth in prescription drug spending has been more volatile than other major spending categories, ranging from 0.1% to 18.2%. Increasing an average of 7.6% annually between 1997 and 2017, prescription drug spending has grown faster than total health spending (not shown), or spending on hospital care or physician and clinical services.

Growth/Decline in Household Health Care Spending

United States, 2017



Health Care Costs 101

Growth Trends

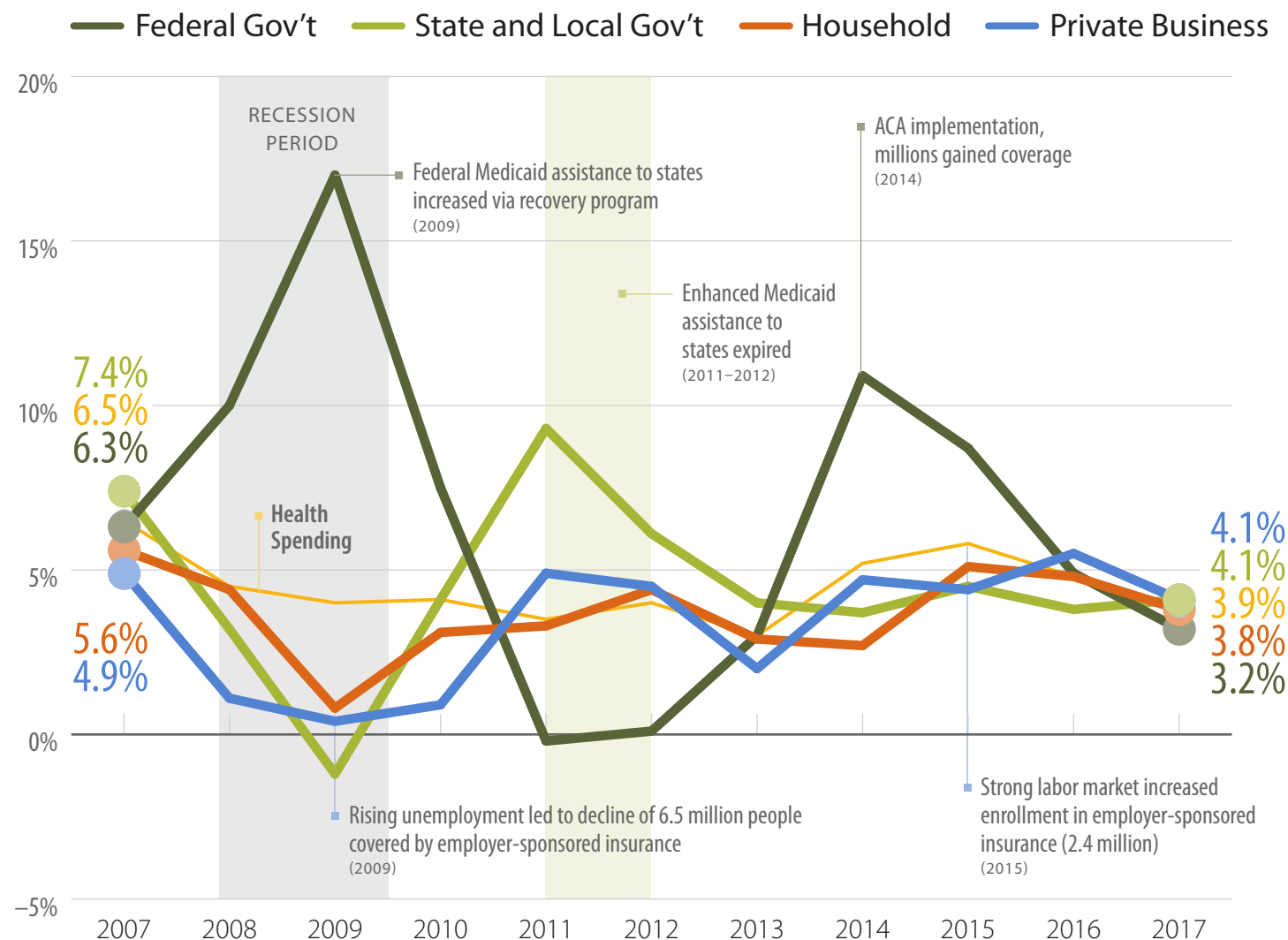
Overall household spending grew by 3.8% from 2016 to 2017. Household spending on direct purchase insurance fell 6.7%, driven mainly by a 24.6% enrollment decline in other directly purchased health insurance (e.g., off-exchange).

Notes: *Health spending* refers to national health expenditures. *Direct purchase insurance* includes premiums paid by individuals for marketplace, 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](https://www.healthcare.gov) and Covered California. Household health care spending excludes any subsidies provided for premiums or cost sharing by the ACA.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Annual Growth in Health Spending, by Sponsor

United States, 2007 to 2017



Notes: Health spending refers to national health expenditures. Sponsors are the entities that are ultimately responsible for financing the health care bill. Not shown: other private revenues. See pages 16, 17, and 19 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

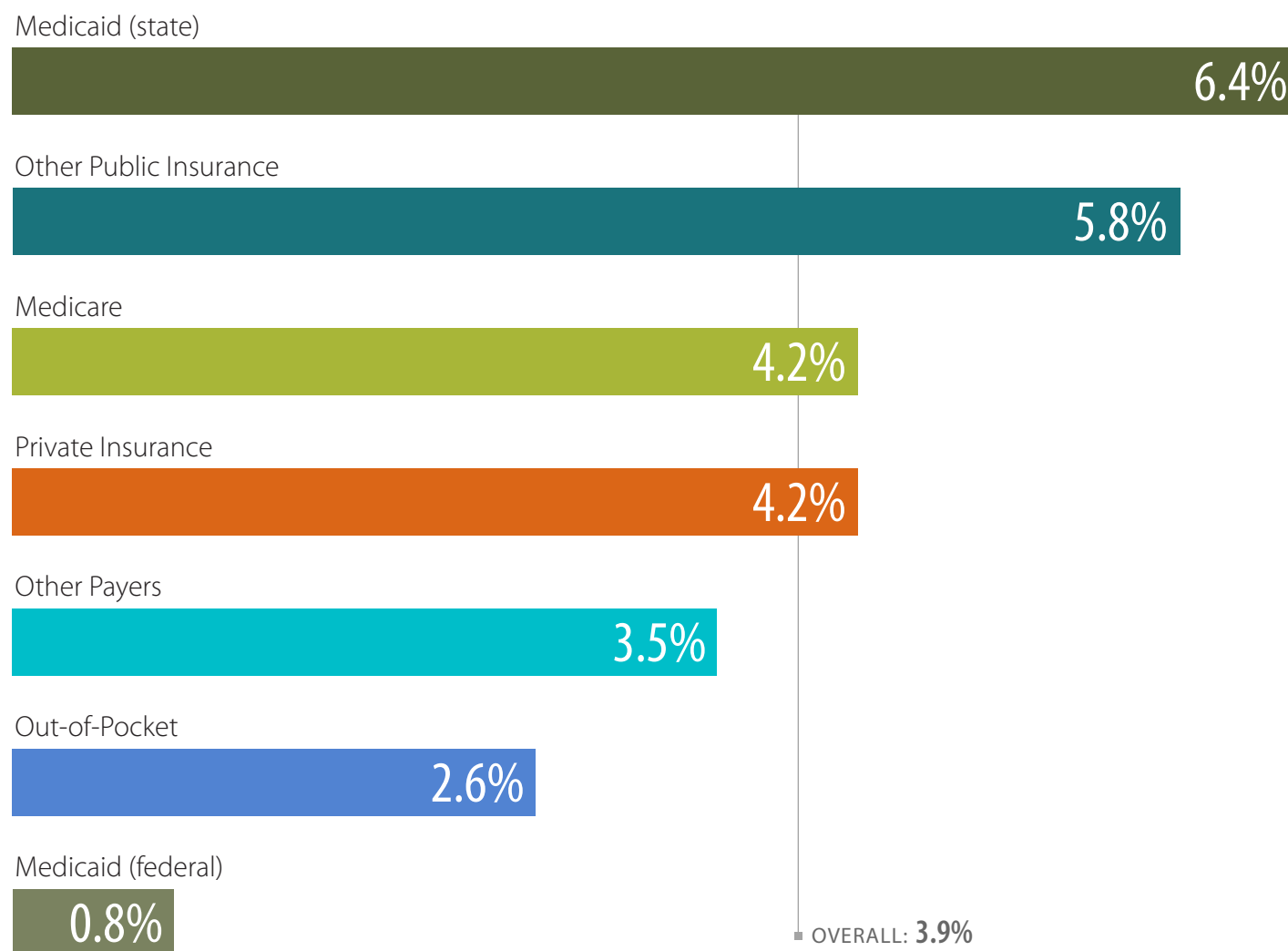
Health Care Costs 101

Growth Trends

The impact of federal health policy decisions and economic conditions can be seen in the acceleration and deceleration of health care spending. For example, in 2009, the recession led to a decline in private business spending and an increase in federal government spending as Medicaid payments to states were extended.

Annual Change in Health Spending, by Payer

United States, 2017



Notes: *Health spending* refers to national health expenditures. Not shown: public health activities (3.9%) and investment (6.0%). Medicaid overall, federal and state combined, grew 2.9%.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Growth Trends

Among payers, spending growth ranged from 0.8% to 6.4%, a larger spread than in 2016 (not shown).

Federal Medicaid spending increased at a rate far slower than other payers, as states assumed 5% of Medicaid expansion costs from the federal government.

PAYER DEFINITIONS

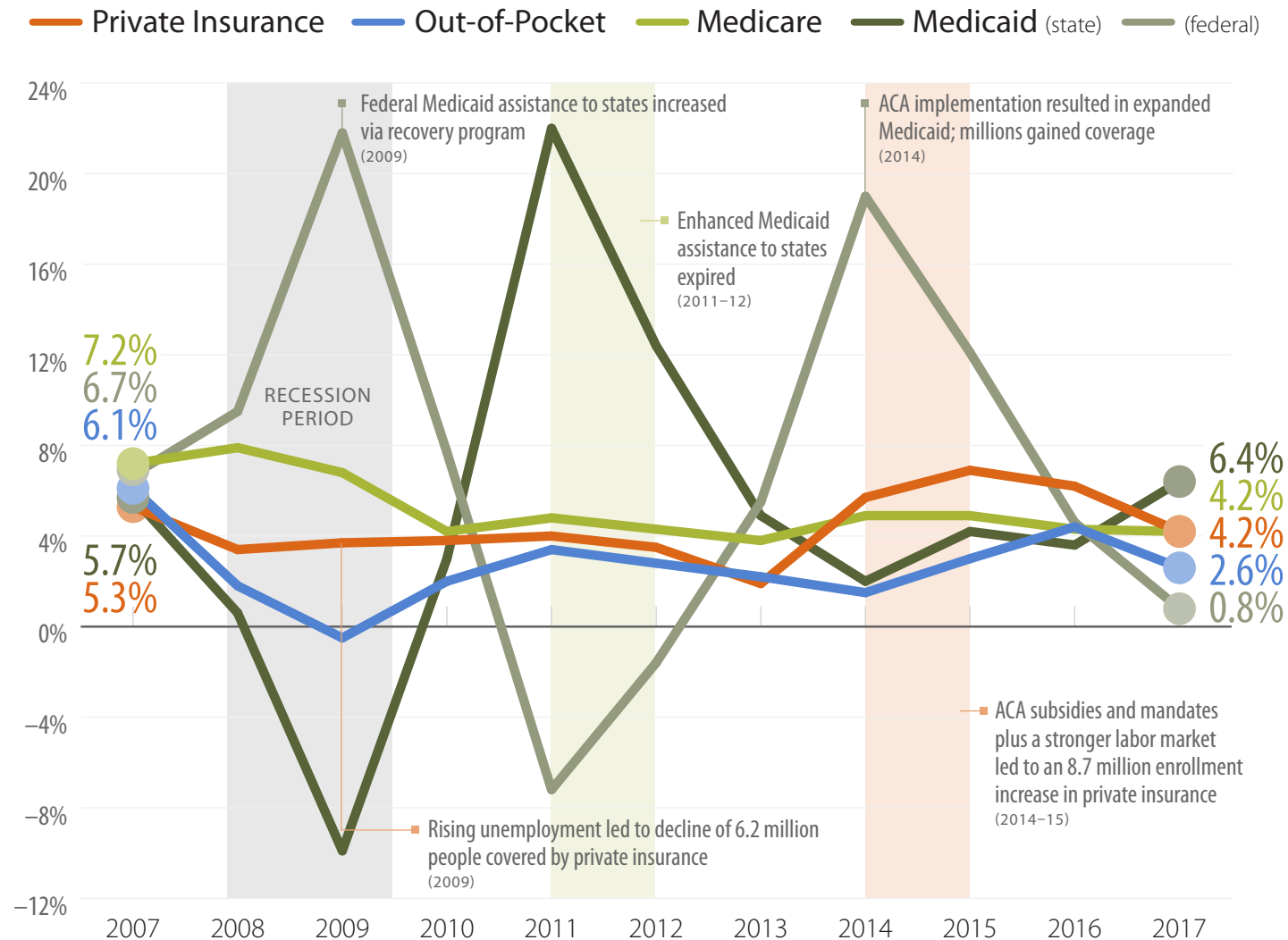
Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

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

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, 2007 to 2017



Notes: *Private insurance* includes employer-sponsored insurance, marketplace plans, and other directly purchased health insurance. *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 insurance, other payers, public health activities, investment. See page 39 for projected growth rates.

Source: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid, www.cms.gov.

Health Care Costs 101

Growth Trends

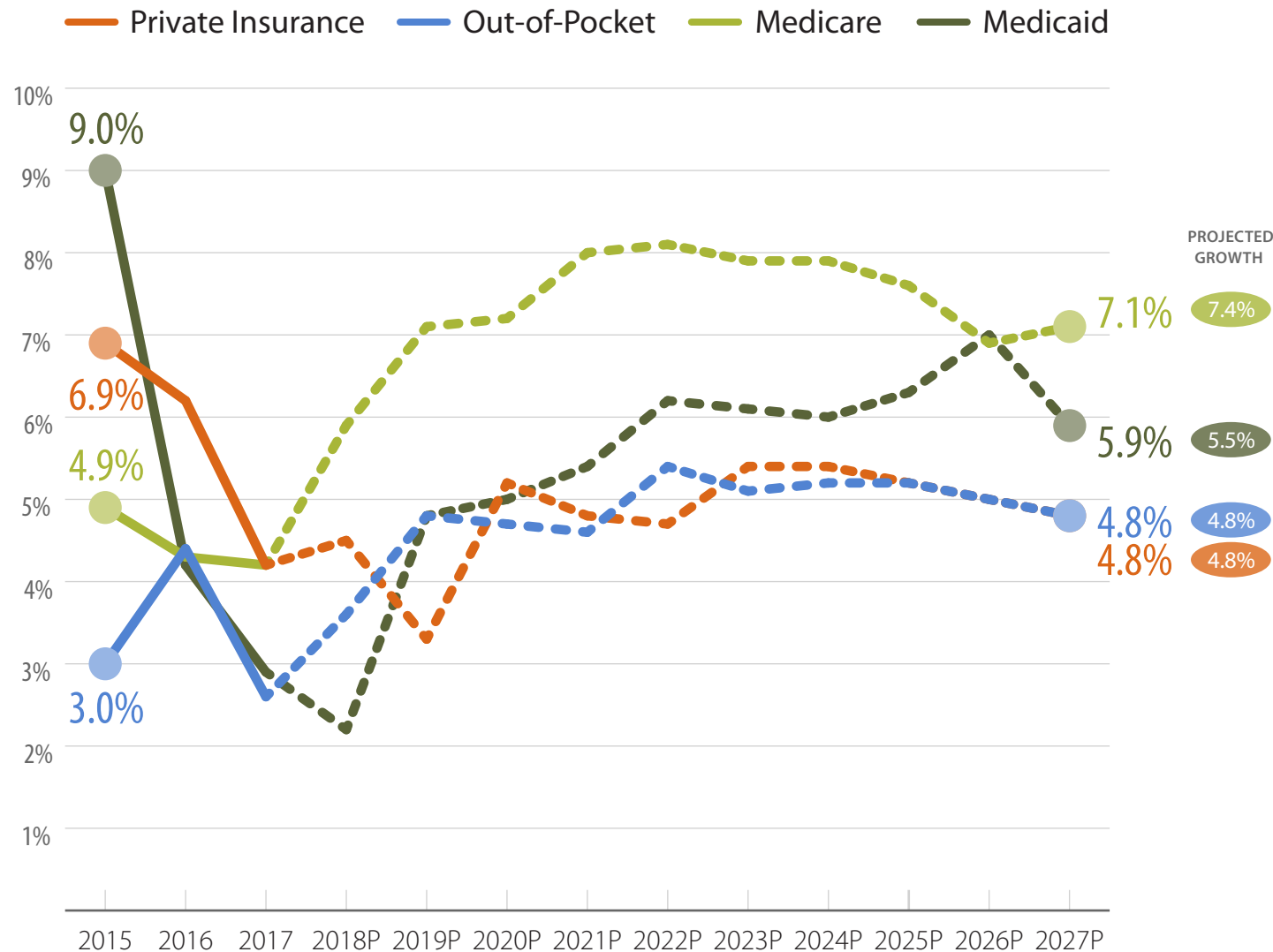
Changes in government policy and large economic shifts affect spending growth. During the recession, out-of-pocket spending slowed as consumers tightened their belts; federal Medicaid spending accelerated as part of the economic recovery program. More recently, federal spending accelerated with ACA implementation in 2014. In 2017, states began to pay a portion (5%) of expansion costs.

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, 2015 to 2017 and 10-Year Projections



Notes: Projections are shown as P and are based on current law as of December 2018. Projected growth percentages are average annual (2018–2027).

Sources: National Health Expenditure (NHE) historical data (1960–2017), Centers for Medicare & Medicaid Services (CMS), www.cms.gov; and NHE projections (2018–27), CMS, www.cms.gov.

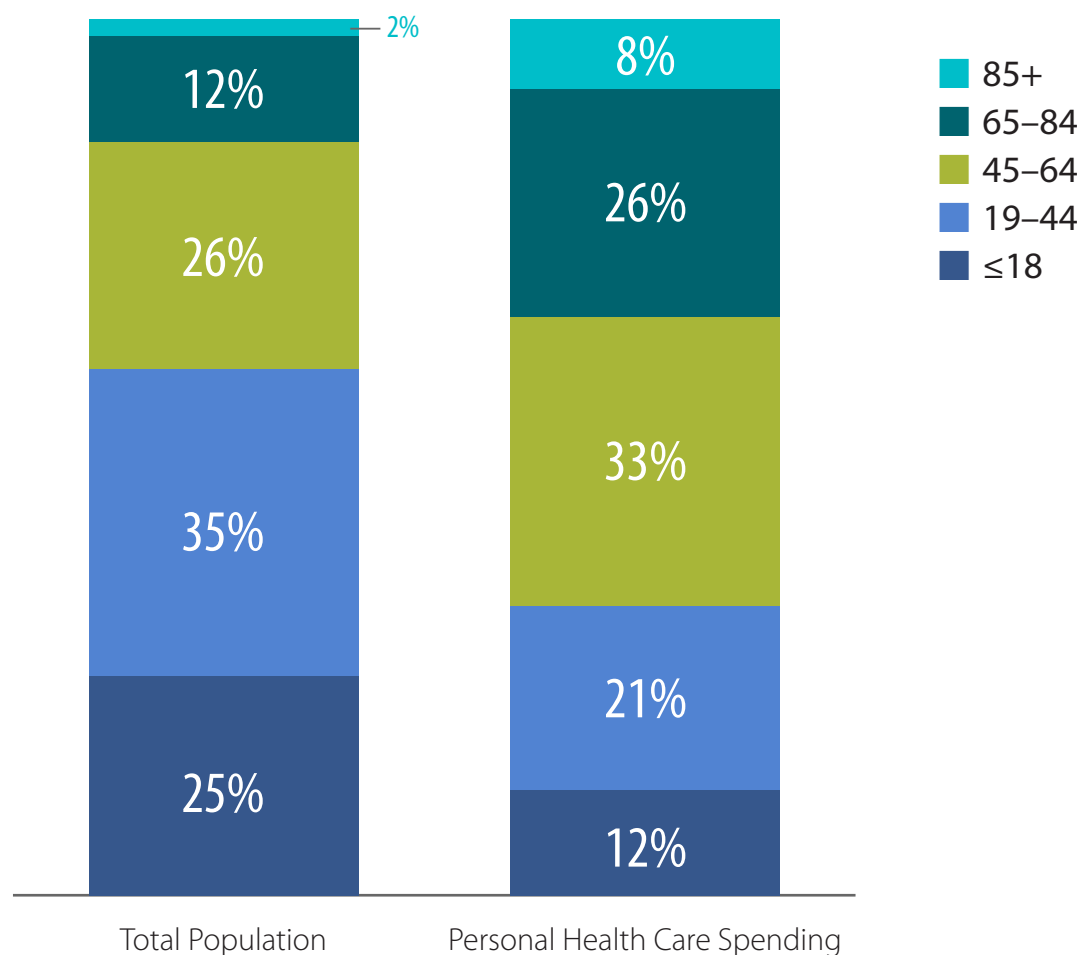
Health Care Costs 101

Growth Trends

Overall health spending is projected to increase 5.5% per year from 2018 to 2027 (not shown). Medicare is expected to have the highest growth rate as baby boomers age into the program. Looking ahead, Medicaid projections reflect an increasing share of enrollment in the “aged and disabled” category.

Share of Population vs. Personal Health Care Spending

by Age Group, United States, 2012



Health Care Costs 101

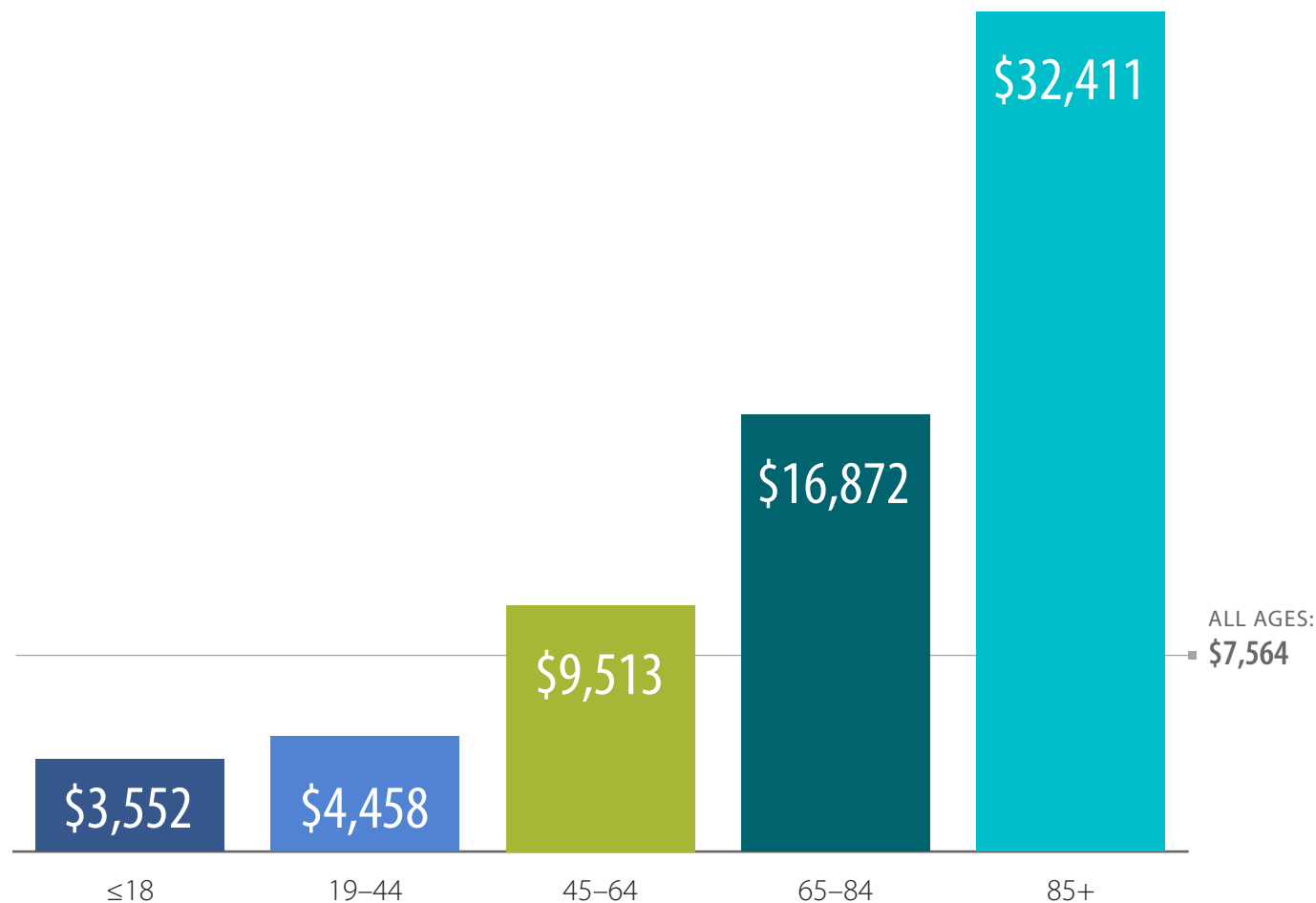
Age and Gender

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 (2002–12), Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; and unpublished data points, population by age (2012), from Office of the Actuary, 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.

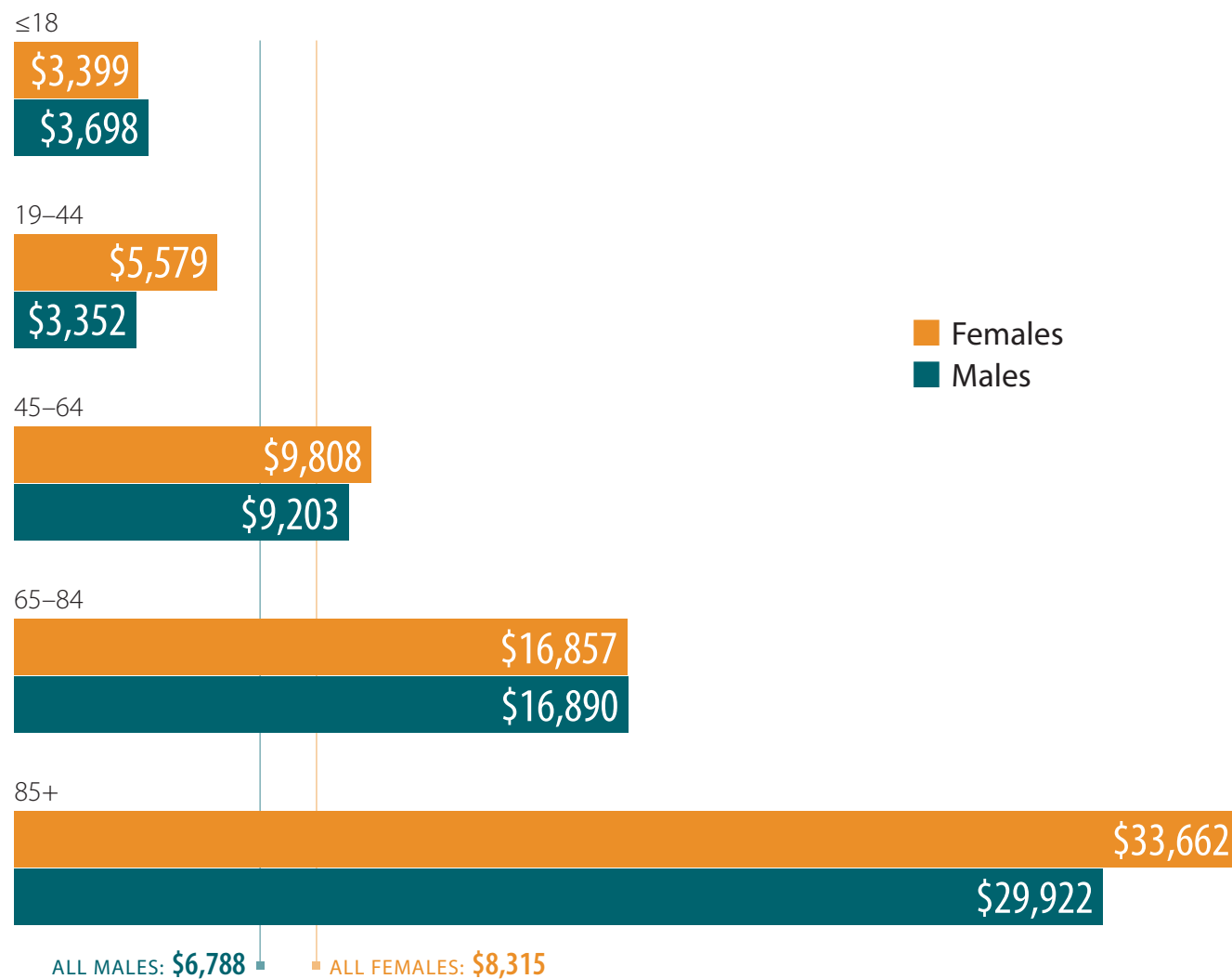
Sources: National Health Expenditure age and gender data (2002–12), Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; and unpublished data points, population by age (2012), from Office of the Actuary, CMS.

Health Care Costs 101

Age and Gender

Per capita health spending varies by age. Personal health care spending among young, working-age adults (19 to 44) totaled \$4,458 per person, 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 (2002–12), Centers for Medicare & Medicaid Services (CMS), 2017, www.cms.gov; and unpublished data points, population by age (2012), from Office of the Actuary, CMS.

Health Care Costs 101

Age and Gender

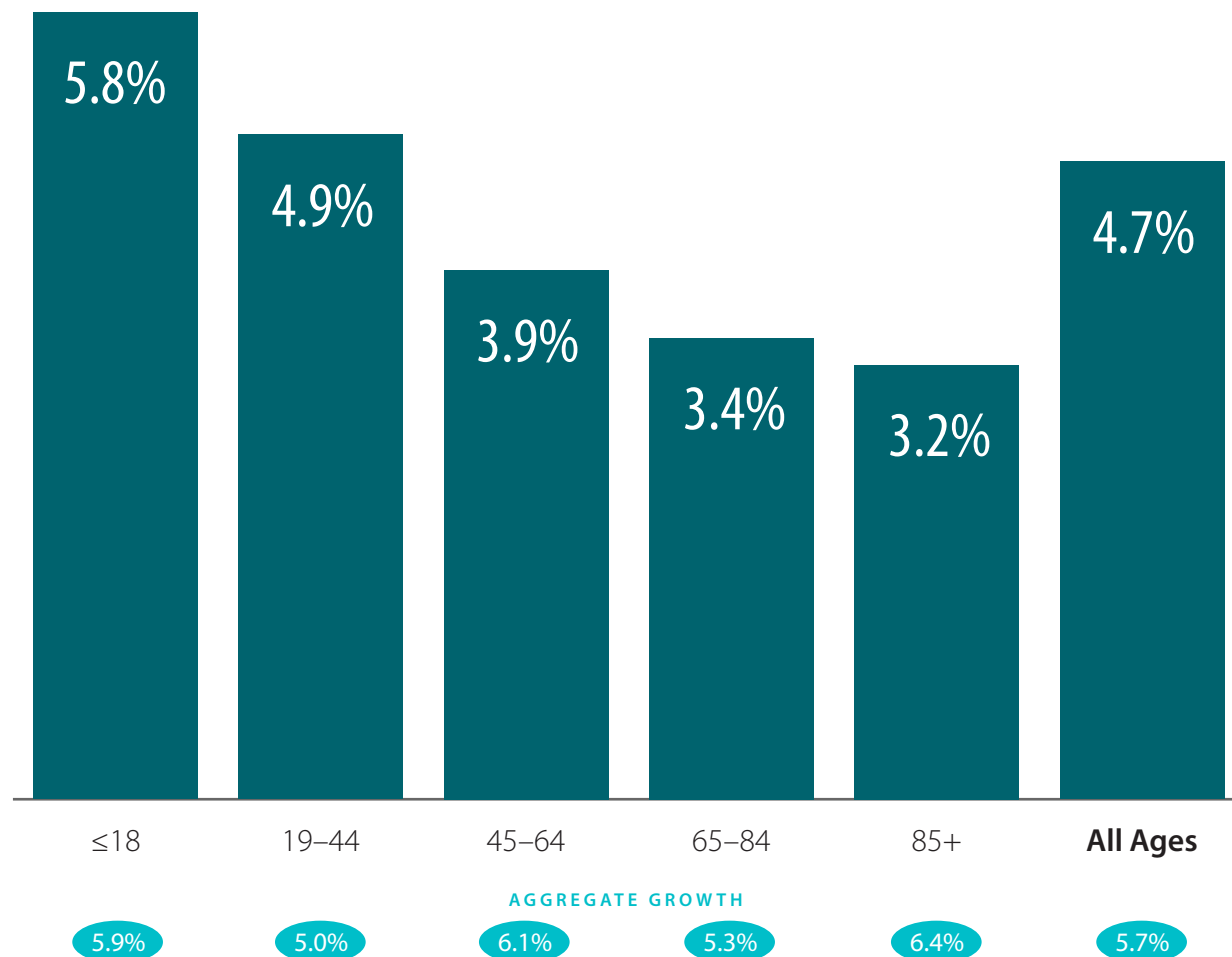
Overall, females spent 22% more than males on personal health care, a difference of \$1,527 per year.

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 (2002–12), Centers for Medicare & Medicaid Services, 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	19–44	45–64	65–84	85+	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

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.

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).

Data Resources

Economic Data

- *The Budget and Economic Outlook: 2019 to 2029*, Congressional Budget Office, January 28, 2019, 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 2018: Frequently Requested Data," Organisation for Economic Co-operation and Development, November 2018, www.oecd.org.

Journal Publications Authored by CMS Staff

- Martin, Anne B. et al. "National Health Care Spending in 2017: Growth Slows to Post-Great Recession Rates; Share of GDP Stabilizes." *Health Affairs* 38, no. 1 (January 2019): 96–106. doi:10.1377/hlthaff.2018.05085.
- Sisko, Andrea M. et al. "National Health Expenditure Projections, 2018–27: Economic and Demographic Trends Drive Spending and Enrollment Growth." *Health Affairs* 38, No. 3 (March 2019): 491–501. doi:10.1377/hlthaff.2018.05499.
- 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): 1318–27. 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, and Methods www.cms.gov (PDF)
- Overview of National Health Expenditure Resources www.cms.gov
- Quick Reference Definitions www.cms.gov (PDF)
- Highlights 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.

AUTHOR

Katherine Wilson, Wilson Analytics LLC

FOR MORE INFORMATION



California Health Care Foundation
1438 Webster Street, Suite 400
Oakland, CA 94612
510.238.1040
www.chcf.org

Appendix A. Health Spending, by Category, United States, 1997, 2007, 2016, and 2017

	SPENDING (IN BILLIONS)				DISTRIBUTION				GROWTH *			
	1997	2007	2016	2017	1997	2007	2016	2017	1997–2017	2007–2017	2016	2017
National Health Expenditures	\$1,135.2	\$2,295.4	\$3,361.1	\$3,492.1	100%	100%	100%	100%	5.8%	4.3%	4.8%	3.9%
Health Consumption Expenditures	\$1,064.8	\$2,157.0	\$3,202.9	\$3,324.5	94%	94%	95%	95%	5.9%	4.4%	5.0%	3.8%
▶ Personal Health Care	\$ 969.2	\$1,918.4	\$2,851.9	\$2,961.0	85%	84%	85%	85%	5.7%	4.4%	4.9%	3.8%
▶ Hospital Care	363.4	691.9	1,092.8	1,142.6	32%	30%	33%	33%	5.9%	5.1%	5.6%	4.6%
▶ Professional Services	320.4	615.3	884.0	920.0	28%	27%	26%	26%	5.4%	4.1%	5.5%	4.1%
▶ Physician and Clinical Services	238.9	457.5	666.5	694.3	21%	20%	20%	20%	5.5%	4.3%	5.6%	4.2%
▶ Dental Services	50.3	97.7	125.1	129.1	4%	4%	4%	4%	4.8%	2.8%	5.2%	3.2%
▶ Other Professional Services	31.3	60.1	92.4	96.6	3%	3%	3%	3%	5.8%	4.9%	5.1%	4.6%
▶ Nursing Care Facilities	74.1	124.9	163.0	166.3	7%	5%	5%	5%	4.1%	2.9%	3.1%	2.0%
▶ Home Health Services	36.9	57.5	93.1	97.0	3%	3%	3%	3%	5.0%	5.4%	4.3%	4.3%
▶ Other Health Care	50.0	108.3	173.4	183.1	4%	5%	5%	5%	6.7%	5.4%	5.3%	5.6%
▶ Retail Outlet Sales	124.4	320.5	445.6	451.9	11%	14%	13%	13%	6.7%	3.5%	2.9%	1.4%
▶ Prescription Drugs	77.6	235.7	332.0	333.4	7%	10%	10%	10%	7.6%	3.5%	2.3%	0.4%
▶ Durable Medical Equipment	19.2	37.1	51.0	54.4	2%	2%	2%	2%	5.3%	3.9%	4.9%	6.8%
▶ Other Nondurable Medical Products	27.6	47.8	62.7	64.1	2%	2%	2%	2%	4.3%	3.0%	4.1%	2.2%
▶ Administration	\$60.7	\$172.6	\$265.4	\$274.5	5%	8%	8%	8%	7.8%	4.7%	6.0%	3.4%
▶ Net Cost of Health Insurance	48.5	143.4	220.7	229.5	4%	6%	7%	7%	8.1%	4.8%	6.2%	4.0%
▶ Government Administration	12.3	29.2	44.7	45.0	1%	1%	1%	1%	6.7%	4.4%	4.8%	0.5%
▶ Public Health Activities	34.8	66.0	85.6	88.9	3%	3%	3%	3%	4.8%	3.0%	2.7%	3.9%
Investment	\$70.4	\$138.4	\$158.2	\$167.6	6%	6%	5%	5%	4.4%	1.9%	2.4%	6.0%
▶ Noncommercial Research	19.6	42.6	47.6	50.7	2%	2%	1%	1%	4.9%	1.8%	2.3%	6.5%
▶ Structures and Equipment	50.8	95.8	110.6	116.9	4%	4%	3%	3%	4.3%	2.0%	2.5%	5.7%

*Growth for 1997–2017 and 2007–2017 are average annual rates; 2016 and 2017 are annual rates.

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 at www.chcf.org.

Sources: National Health Expenditure historical data (1960–2017), Centers for Medicare & Medicaid Services, www.cms.gov.

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

	FEMALES						MALES						TOTAL					
	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	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
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 at www.chcf.org.

Source: National Health Expenditure age and gender data (2002–12), Centers for Medicare & Medicaid Services, www.cms.gov.

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

	FEMALES						MALES						TOTAL					
	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	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
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 at www.chcf.org.

Source: National Health Expenditure age and gender data (2002–12), Centers for Medicare & Medicaid Services, www.cms.gov.

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

	FEMALES						MALES						TOTAL					
	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	85+	ALL	0-18	19-44	45-64	65-84	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%

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 at www.chcf.org.

Source: National Health Expenditure age and gender data (2002–12), Centers for Medicare & Medicaid Services, www.cms.gov.

Appendix C. Health Spending, by Disease and Condition, United States, 2014, 2015, and 10-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH*		
	2005	2014	2015	2005	2014	2015	2005–15	2014	2015
All Diseases/Conditions	\$1,328.5	\$2,043.8	\$2,180.6	100%	100%	100%	5.1%	5.6%	6.7%
Routine Care, Signs, and Symptoms	147.9	263.0	289.9	11%	13%	13%	7.0%	5.8%	10.2%
Circulatory System Diseases	208.2	247.4	259.2	16%	12%	12%	2.2%	3.8%	4.7%
Musculoskeletal System Diseases	128.2	206.3	219.8	10%	10%	10%	5.5%	6.4%	6.5%
Respiratory System Diseases	127.1	168.2	176.5	10%	8%	8%	3.3%	1.2%	4.9%
Endocrine System Diseases	94.2	155.0	168.7	7%	8%	8%	6.0%	8.4%	8.8%
Nervous System Diseases	84.6	146.4	159.5	6%	7%	7%	6.5%	7.2%	9.0%
Neoplasms	87.3	129.0	135.8	7%	6%	6%	4.5%	5.9%	5.3%
Injury and Poisoning	85.9	128.1	133.4	6%	6%	6%	4.5%	5.1%	4.1%
Genitourinary System Diseases	85.1	125.1	129.5	6%	6%	6%	4.3%	4.3%	3.5%
Digestive System Diseases	78.5	112.5	118.2	6%	6%	5%	4.2%	4.5%	5.1%
Mental Illness	57.4	100.9	109.6	4%	5%	5%	6.7%	11.1%	8.7%
Infectious Diseases	33.6	79.5	89.7	3%	4%	4%	10.3%	12.7%	12.9%
Skin Diseases	29.3	48.9	52.1	2%	2%	2%	5.9%	7.5%	6.4%
Pregnancy	30.6	48.8	50.5	2%	2%	2%	5.1%	3.0%	3.6%
Other	50.5	84.8	88.3	4%	4%	4%	5.7%	2.3%	4.2%

*Growth for 2005–15 is average annual rate; 2014 and 2015 are annual rates.

Notes: In 2015, total spending on medical services by disease accounted for 84% of the \$2.6 trillion total health expenditures in the health care satellite account. The health care satellite account categorizes expenditures by medical services by disease, medical services by provider and medical products, appliances, and equipment. An Excel version of this table is available at www.chcf.org.

Source: *Blended Account, 2000–2015*, Bureau of Economic Analysis, www.bea.gov.