

CALIFORNIA Health Care Almanac



OCTOBER 2022

Health Care Costs 101: Federal Spending on COVID-19 Drives Growth

Executive Summary

Heath Care Costs 101: Federal Spending on the Pandemic Drives Growth provides a detailed look at national health spending in 2020.

National health spending increased to \$4.1 trillion in 2020 — up 9.7% from 2019. The rise was largely driven by increases in federal government spending during the COVID-19 pandemic. Health spending’s share of the economy was 19.7%, up from 17.6% in 2019. Health care spending averaged \$12,530 per person, up from \$11,462 in 2019.

KEY FINDINGS INCLUDE:

- US health spending increased by 9.7% in 2020, double the 4.3% growth rate in 2019.
- Out-of-pocket spending on health declined by 3.7% in 2020. Private health insurance spending declined slightly (1.2%) due to a decrease in enrollment and lower use of services.
- Federal and state spending on public health more than doubled in 2020. The federal government accounted for \$128 billion of the \$224 billion increase.
- Health spending by the federal government increased by \$396 billion (36%). Most of the increase was in the form of direct assistance to health care providers and systems, enhanced payments to state Medicaid programs, and public health activities related to COVID-19.
- The federal government’s share of total health spending rose from 29% in 2019 to 36% in 2020, while the share of spending from all other sources declined.
- Health spending is projected to reach \$6.8 trillion by 2030, increasing at an average annual rate of 5.1% between 2021 and 2030.

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

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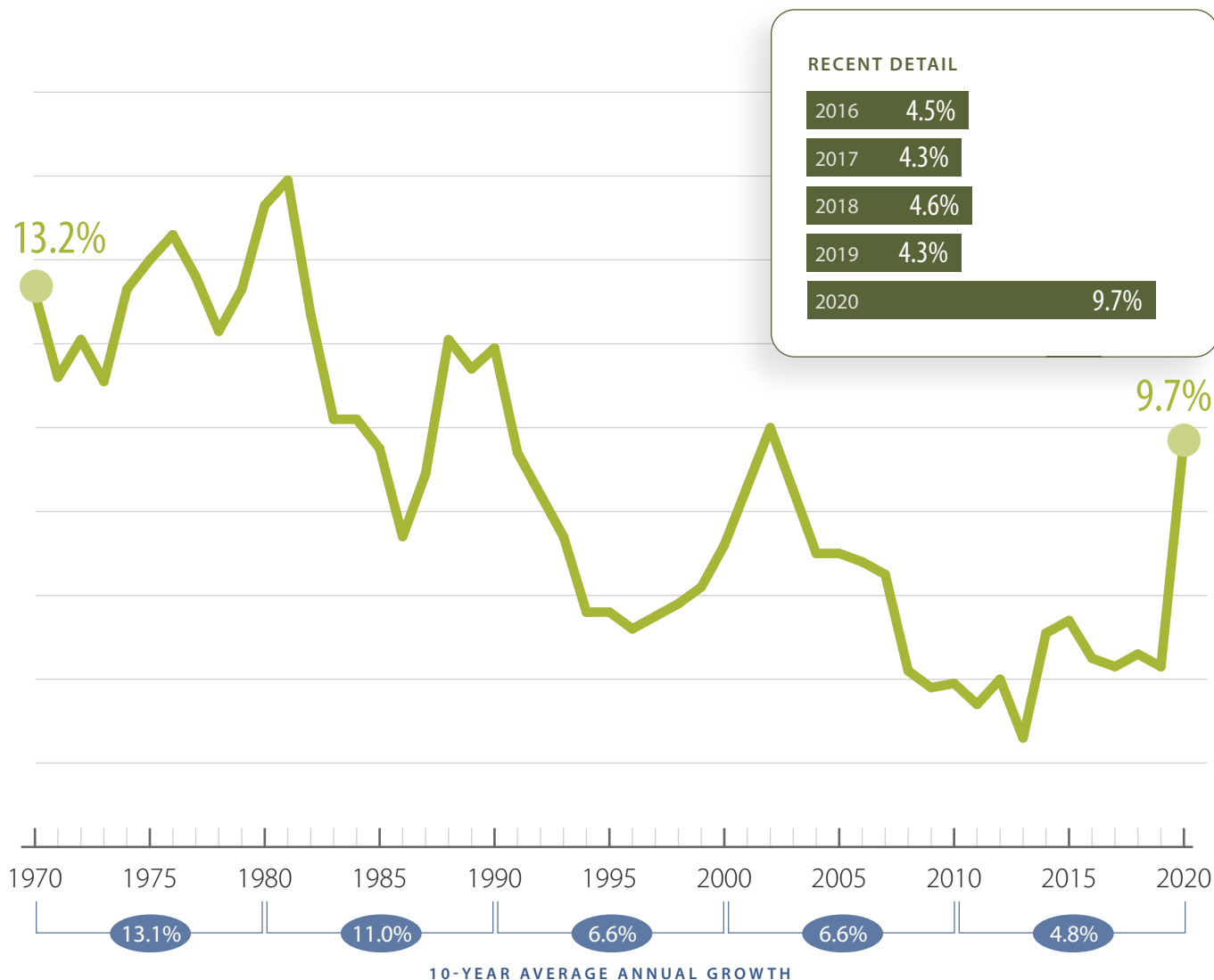
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*The Affordable Care Act Provision 9010 established the health insurance providers fee, implemented in 2014.
Note: Health spending breakdowns by age (2014) and medical condition (2019) were the most recent available at the time of publication.

Annual Growth Rates in Health Spending

United States, 1970 to 2020



Note: Health spending refers to national health expenditures.

Source: Author calculations based on National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Spending Levels

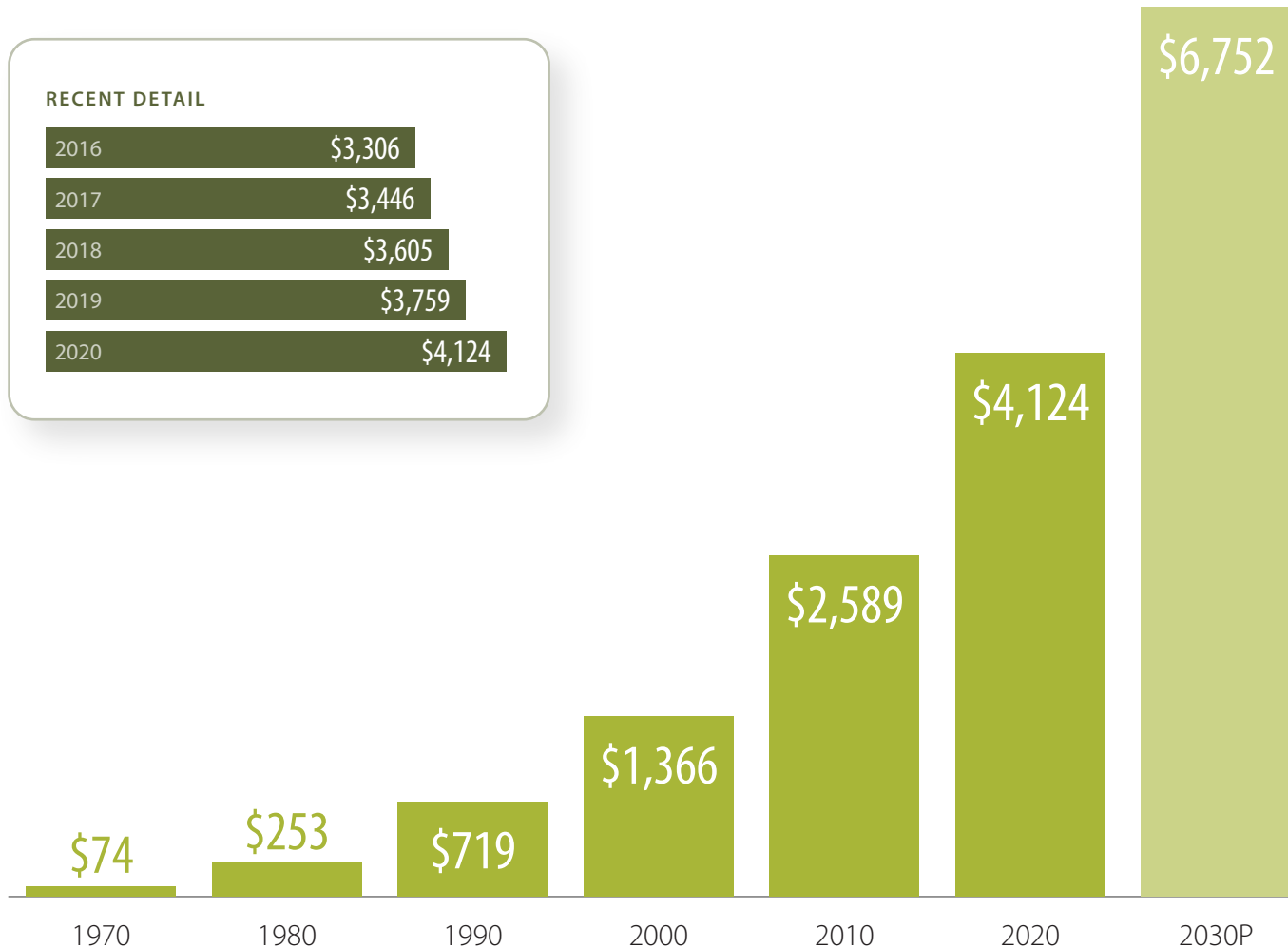
Health spending surged in 2020, increasing by 9.7%, double the 4.3% increase in 2019. Growth was largely driven by a dramatic increase in health spending by the federal government during the COVID-19 pandemic. Most of this increase was direct assistance to health care providers and systems, enhanced payments to state Medicaid programs, and public health activity related to COVID-19.*

* Source: Micah Hartman et al., "National Health Care Spending In 2020: Growth Driven by Federal Spending in Response to the COVID-19 Pandemic," Health Affairs 41, no. 1 (Jan. 2022), Exhibit 3.

Health Spending

United States, 1970 to 2020, 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 2020.

Sources: [National Health Expenditure \(NHE\) historical data](#) (1960–2020), Centers for Medicare & Medicaid Services (CMS); and [NHE projections](#) (2021–30), CMS.

Health Care Costs 101

Spending Levels

Health spending reached \$4.1 trillion in 2020 and is projected to exceed \$6.8 trillion by 2030. Between 2020 and 2030, health spending is projected to grow at an average rate of 5.1% per year (not shown).

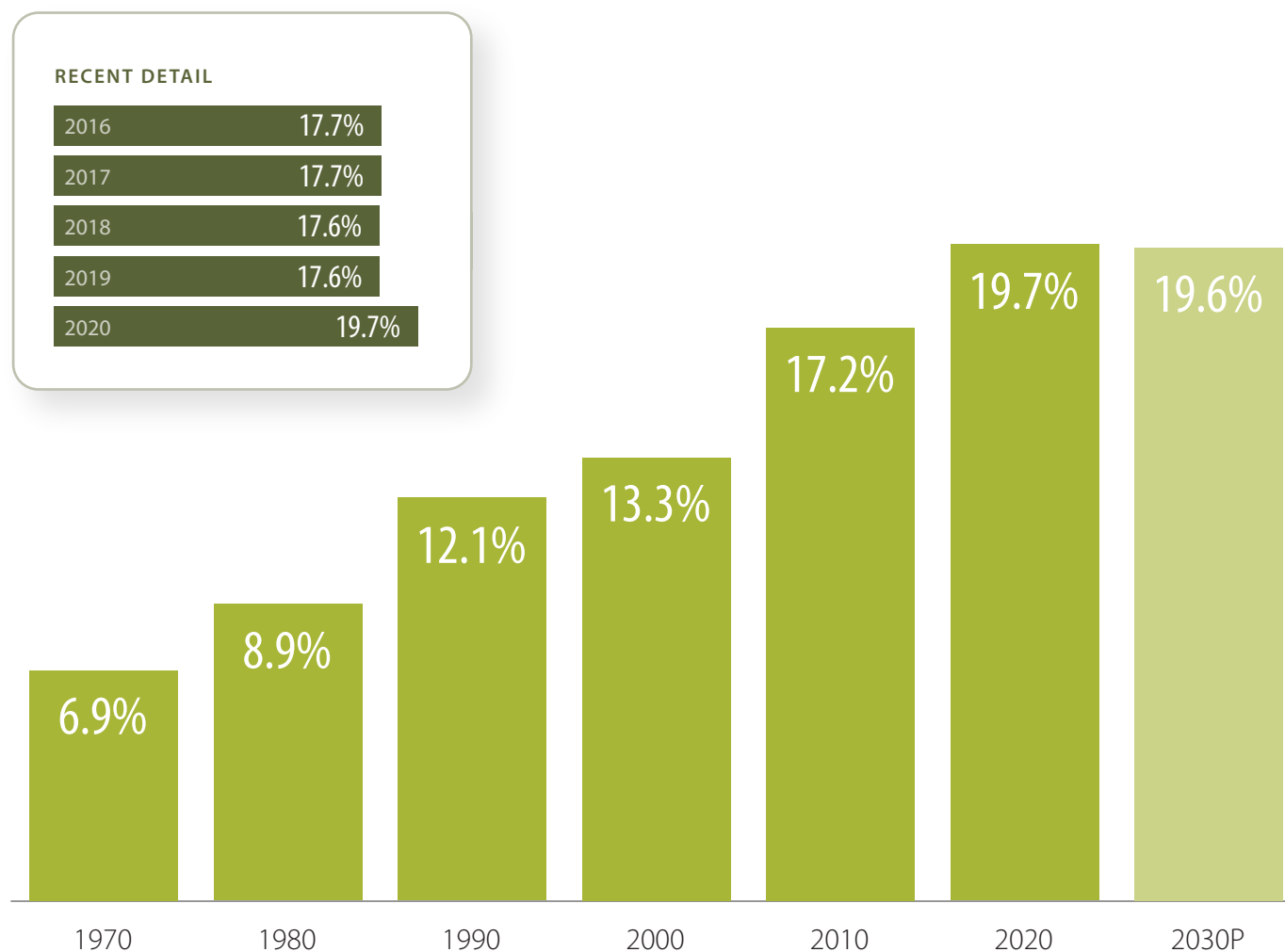
Health Spending as a Share of GDP

United States, 1970 to 2020, Selected Years, and 10-Year Projection

Health Care Costs 101

Spending Levels

In 2020, health care's share of the economy was 19.7%, 2.1 percentage points higher than the prior year. The increase was due to a 9.7% increase in health spending coupled with a 2.2% decrease in gross domestic product (GDP). Looking ahead, health care's share of GDP in 2030 is projected to be 19.6%.



Notes: *Health spending* refers to national health expenditures. *GDP* is gross domestic product. Projections shown as *P* and based on current law as of December 2020. See [page 30](#) for a comparison of economic growth and health spending growth.

Sources: [National Health Expenditure \(NHE\) historical data](#) (1960–2020), Centers for Medicare & Medicaid Services (CMS); and [NHE projections](#) (2021–30), CMS.

Health Spending per Capita

United States, 2010 to 2020, Selected Years, and Two-Year Projection



Health Care Costs 101

Spending Levels

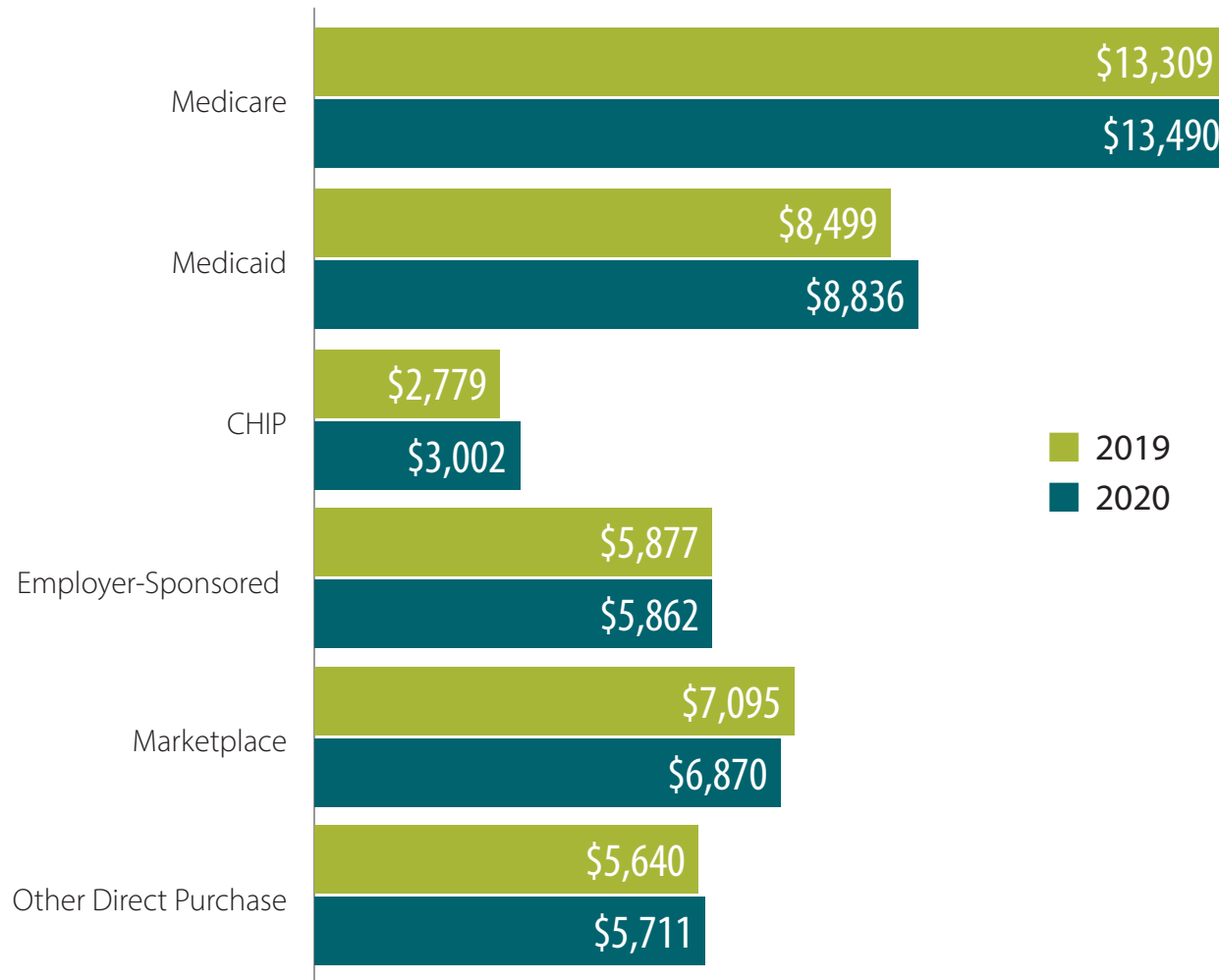
In 2020, US health spending reached \$12,530 per person and is projected to reach \$13,591 per person in 2022. Per capita spending grew at a 10-year annual average rate of 4.1% between 2010 and 2020. During the same 10-year period, average annual economic growth per capita was 2.7% (not shown).

Notes: *Health spending* refers to national health expenditures. *GDP* is gross domestic product. Projections shown as *P* and based on current law as of December 2020.

Sources: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services (CMS); and NHE projections (2021–30), CMS.

Health Insurance Spending per Enrollee

United States, 2019 and 2020



Notes: *CHIP* is Children's Health Insurance Program. *Employer-sponsored* includes 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. *Other direct purchase* includes insurance purchased on the private market that is not associated with an employer, Medigap or marketplace plan. Per enrollee spending in 2020 not shown: Medigap (\$2,757) and total direct purchase (\$4,803), which includes marketplace, Medigap, and other direct purchase.

Sources: [National Health Expenditure historical data \(1960–2020\)](#), Centers for Medicare & Medicaid Services (CMS).

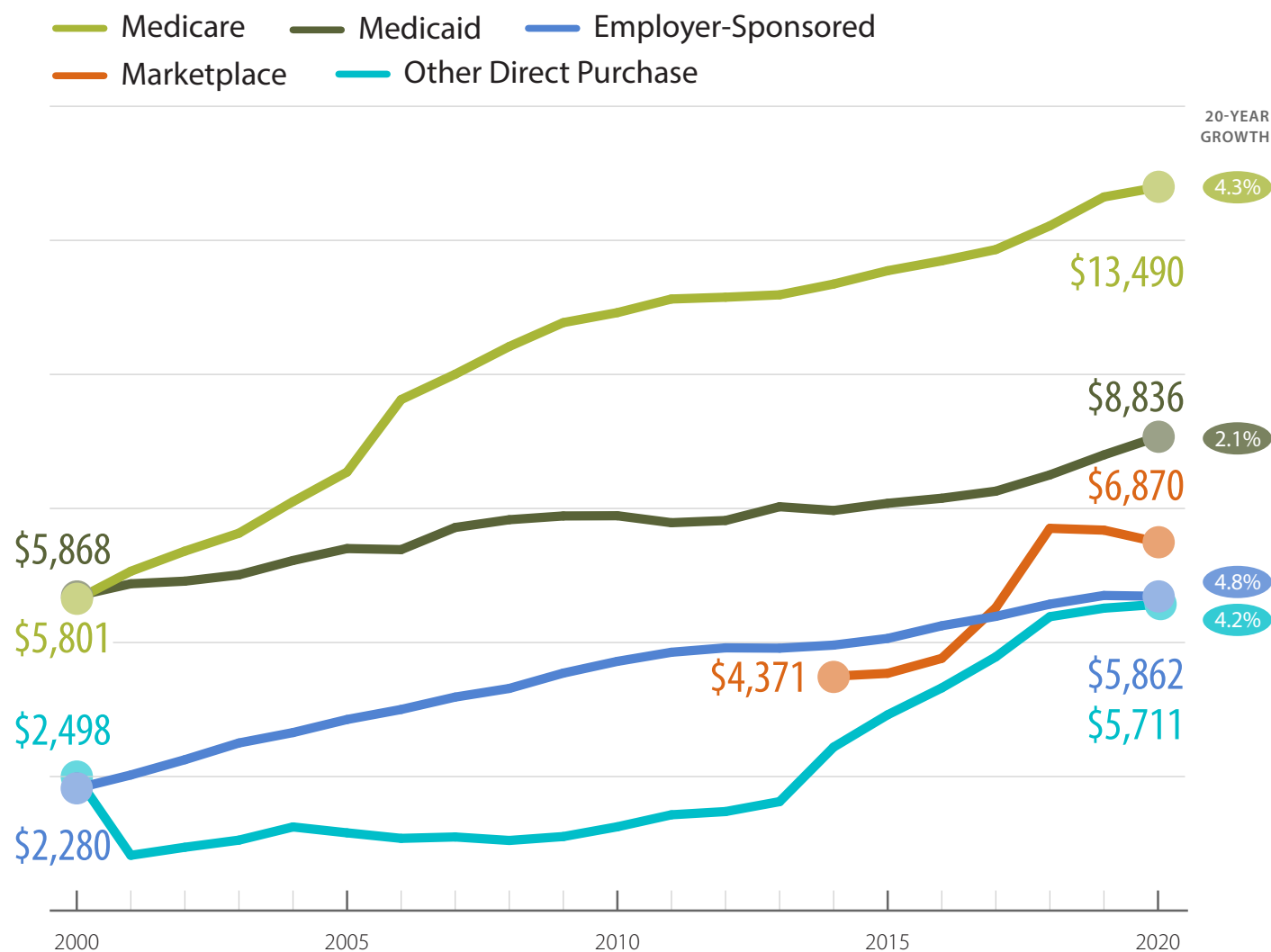
Health Care Costs 101

Spending Levels

In 2020, per enrollee spending for marketplace and employer-sponsored health insurance was relatively unchanged from 2019. Employer-sponsored health insurance spending per enrollee was \$5,862 in 2020, about \$1,000 less than marketplace spending and \$7,600 less than Medicare spending. Spending per enrollee was the lowest for the Children's Health Insurance Program, at \$3,002 per year.

Health Insurance Spending per Enrollee

United States, 2000 to 2020



Notes: *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 premiums and cost-sharing subsidies. *Other direct purchase* includes insurance purchased on the private market that is not associated with an employer, Medigap or marketplace plan. Twenty-year growth percentages are average annual (2000–20). Not shown: Children's Health Insurance Program, Medigap and total direct purchase insurance, which includes marketplace, Medigap, and other direct purchase.

Source: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services.

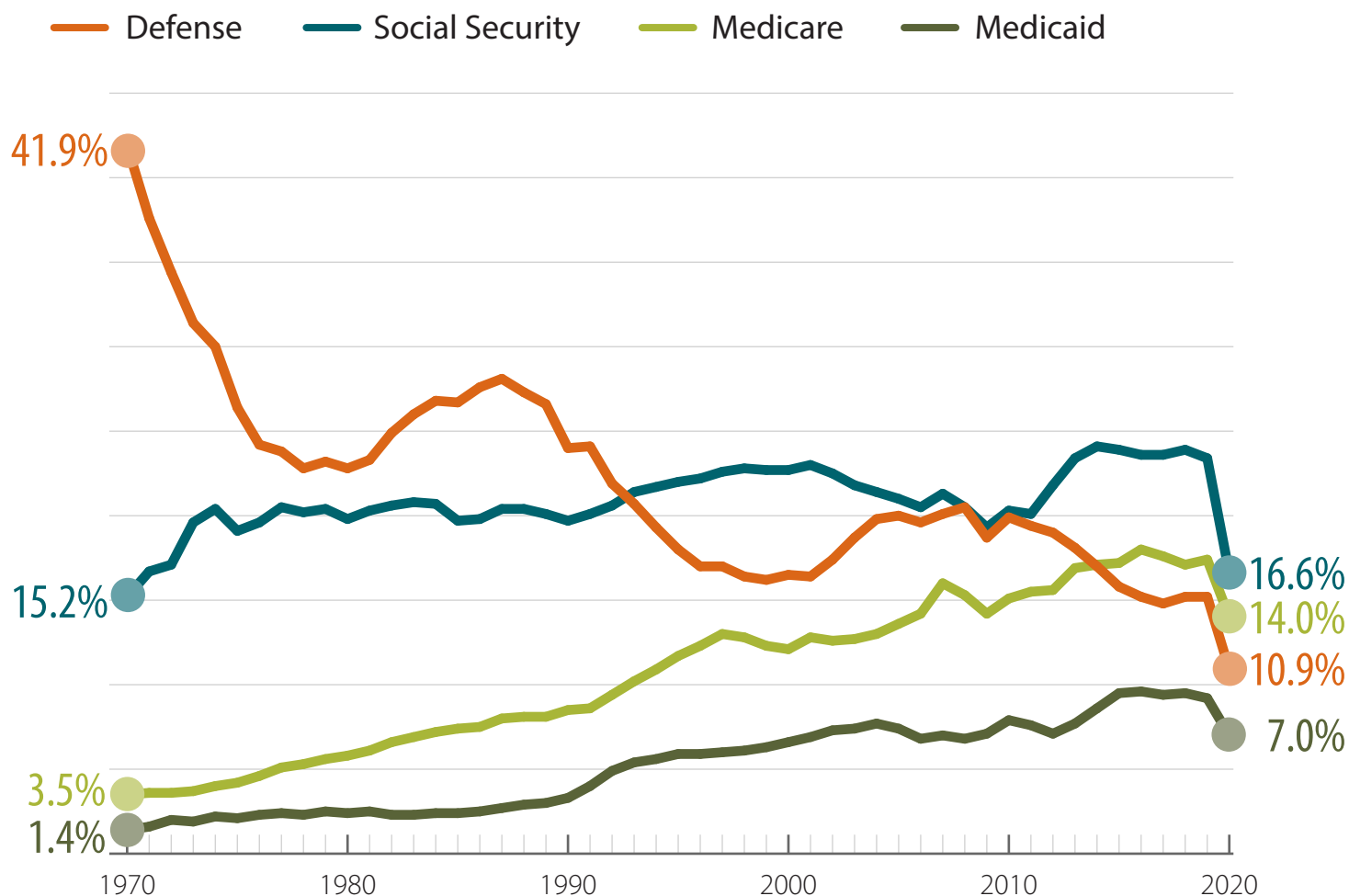
Health Care Costs 101

Spending Levels

Since 2000, the trajectories of Medicaid and Medicare spending have diverged. Shifts in Medicaid eligibility to cover more adults who are not disabled and children have contributed to slower growth in Medicaid's per enrollee spending. The addition of prescription drug coverage to Medicare benefits in 2006 added to Medicare spending.

Major Programs as a Share of the Federal Budget

United States, 1970 to 2020



Health Care Costs 101

Spending Levels

Overall federal spending increased by 47% in 2020, largely due to the government response to the COVID-19 pandemic. As a result, 2020 spending as a share of federal outlays compared to prior year spending declined for major programs. Medicare fell from 17.4% to 14.0%, Medicaid from 9.2% to 7.0%, defense from 15.2% to 10.9%, and Social Security from 23.4% to 16.6%.

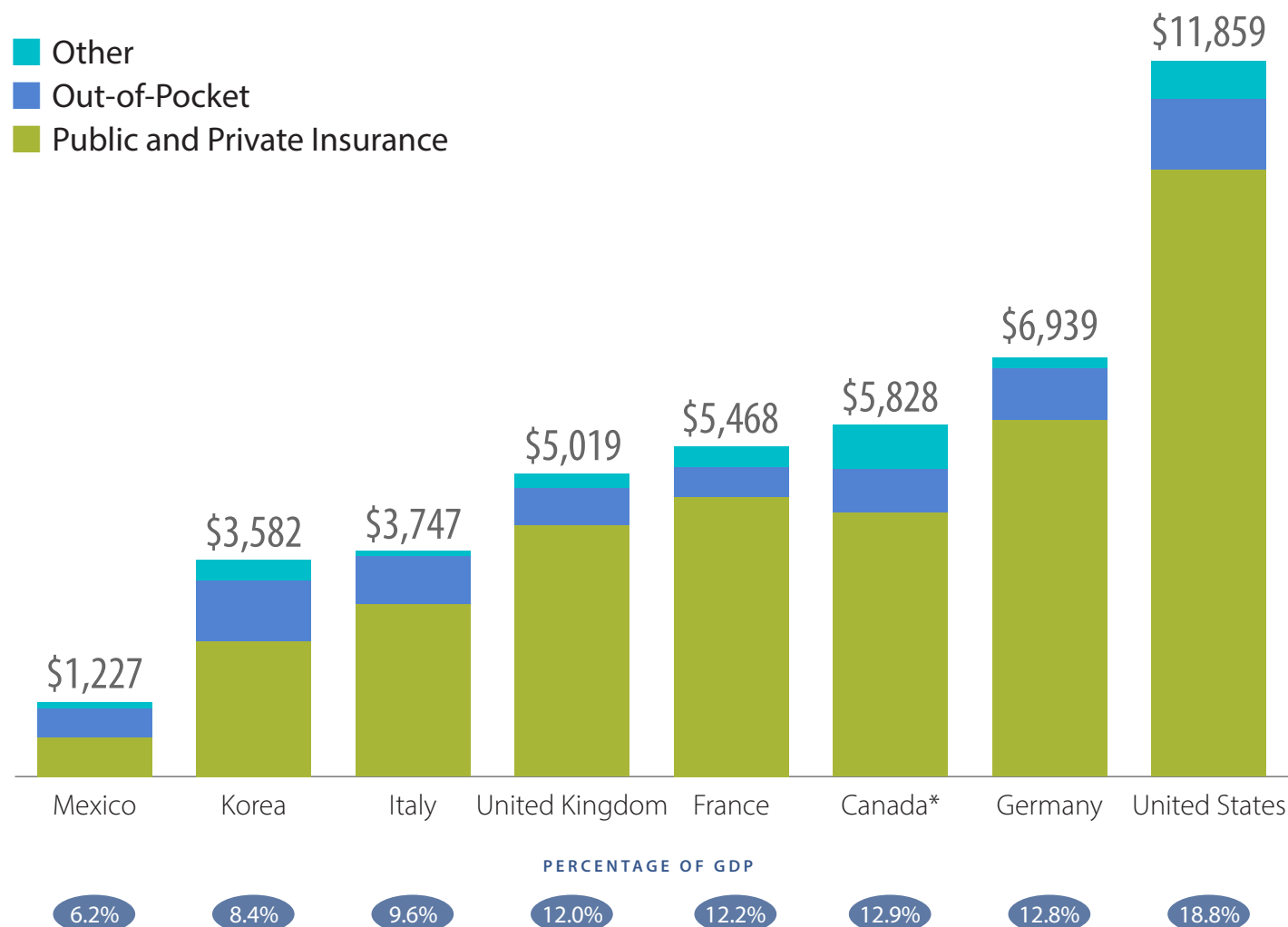
Notes: Spending shares computed as percentages of federal outlays. Outlays reflect federal spending only (e.g., Medicaid outlays shown reflect federal portion). 2020 figures reflect increases of 5.5%, 4.9%, 18.3%, and 12.0% in defense, Social Security, Medicare, and Medicaid outlays and an increase in total outlays of 47.3%.

Source: Author calculations based on "Historical Budget Data," in *The Budget and Economic Outlook: 2021 to 2031*, Congressional Budget Office, February 2021.

Health Spending per Capita and as a Share of GDP

Selected Developed Countries, 2020

- Other
- Out-of-Pocket
- Public and Private Insurance



*Provisional values

Notes: US spending per capita as reported by OECD differs from figures reported elsewhere in this report. GDP is gross domestic product. *Public and private insurance* is government and compulsory in the source and includes publicly funded (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 public and private insurance spending and out-of-pocket spending.

Source: "OECD Health Statistics 2022: Frequently Requested Data," OECD, July 11, 2022.

Health Care Costs 101

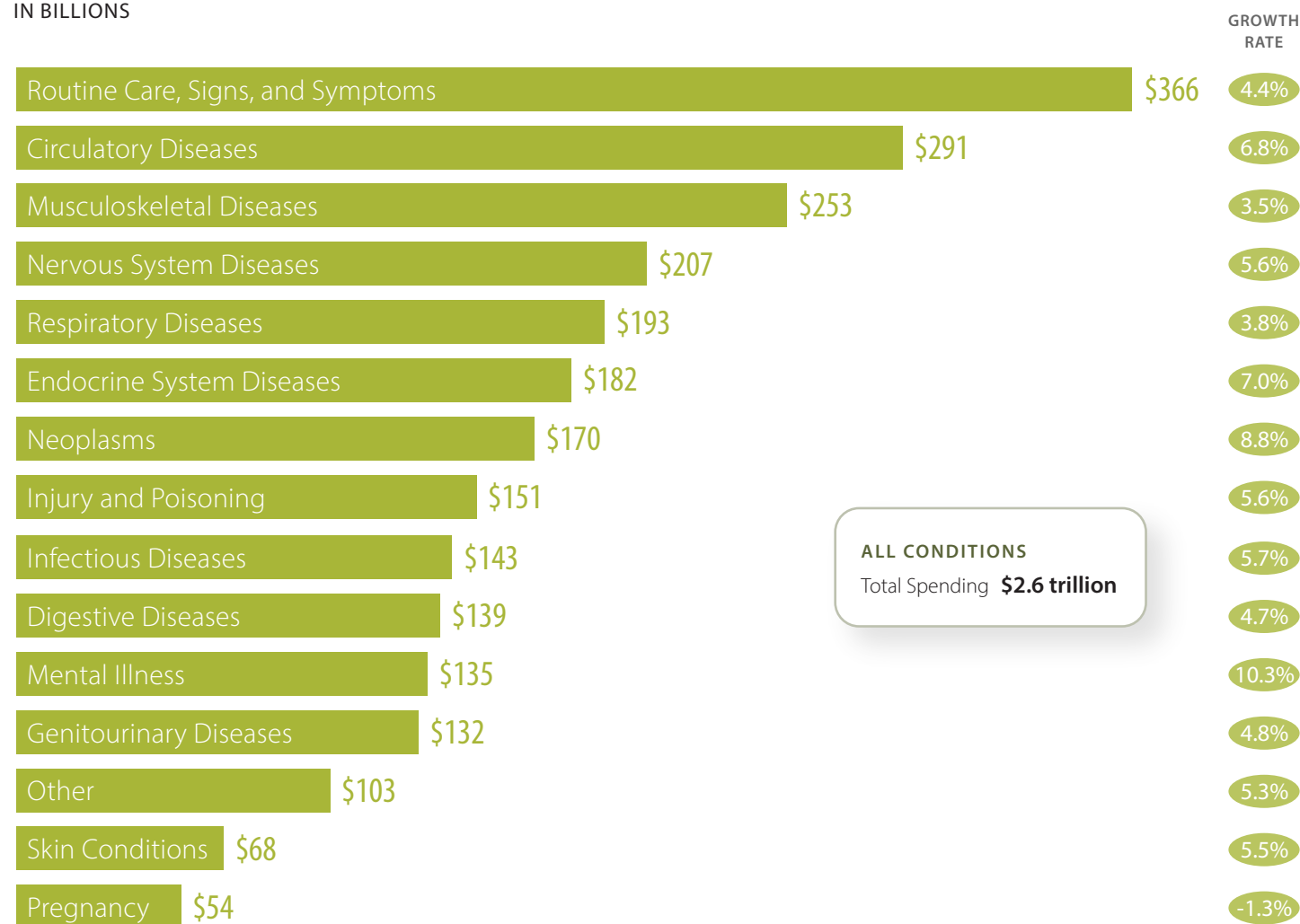
Spending Levels

Health spending in the US far exceeded that of other developed countries, both in per capita spending and as a percentage of GDP in 2020. US health spending per capita was more than twice that of most other developed countries shown, and the US is the only OECD country spending more than 13% of GDP on health care.

Health Spending by Medical Condition

United States, 2019

IN BILLIONS



Notes: *Growth rate* is increase in 2019 spending over 2018. Spending on medical conditions (shown) accounted for 84% of the \$3.1 trillion in 2019 health care spending under the health care satellite accounts. Spending on medical services by provider, such as dental services and nursing homes, and medical products, appliances, and equipment, are not shown. See Appendix C for more detail.

Source: *Blended Account, 2000–2019, Health Care Satellite Account*, Bureau of Economic Analysis, January 18, 2022.

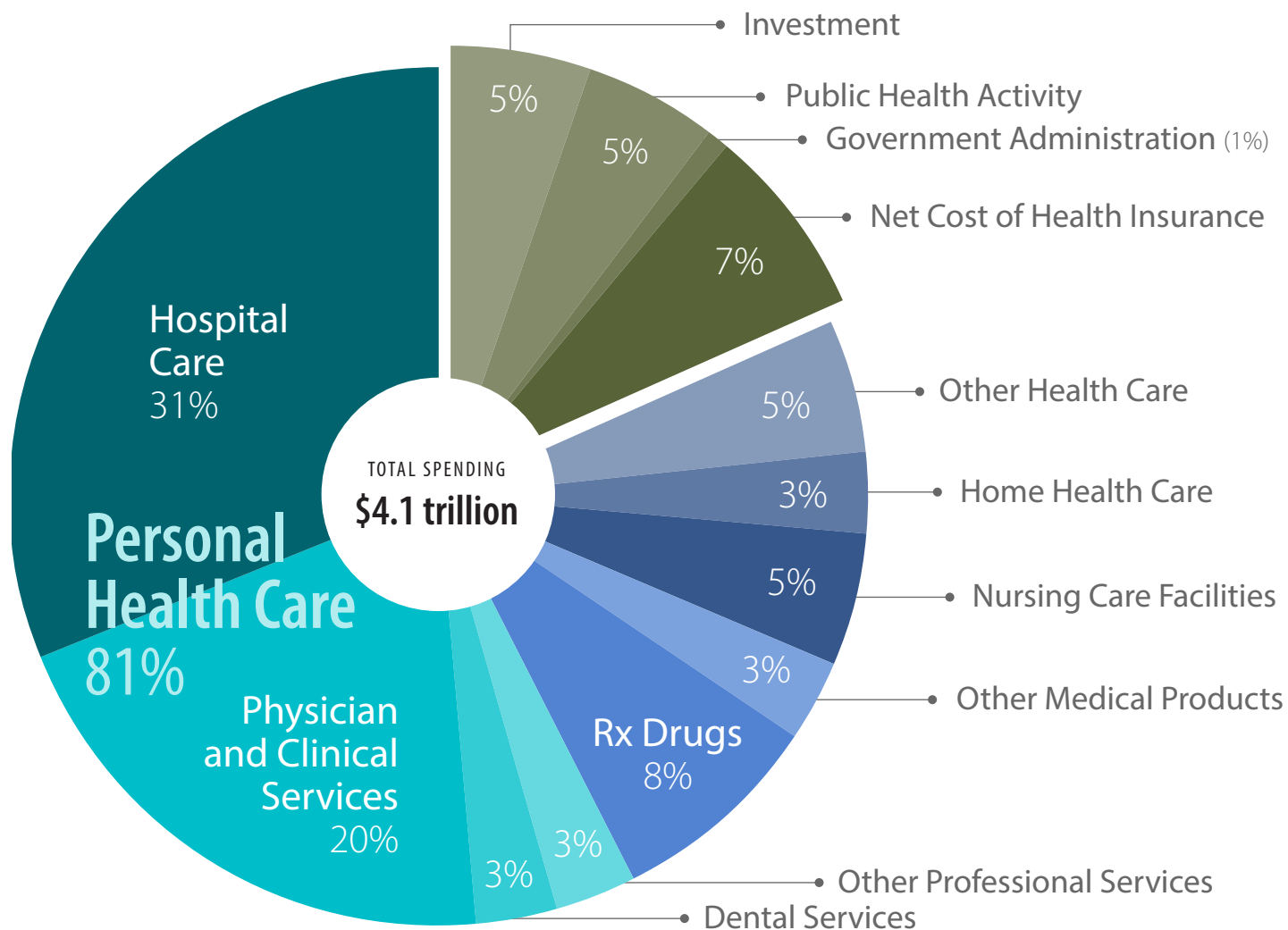
Health Care Costs 101

Spending Levels

In 2019, most health spending was on routine care (\$366 billion), followed by circulatory system conditions, which includes hypertension and heart disease. Spending on mental illness increased by 10% from 2018 to 2019.

Health Spending Distribution, by Spending Category

United States, 2020



Notes: *Health spending* refers to national health expenditures. Figures may not sum due to rounding. For additional detail on spending categories, see [page 15](#) and [Appendix A](#).
Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Spending Levels

Hospital and physician services combined were about half of health care spending in 2020. Prescription drugs, at 8% of health spending, represented the third largest category but accounted for a smaller share of spending than at any time since 2000 (not shown).

SPENDING CATEGORY DEFINITIONS

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

Investment is 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.

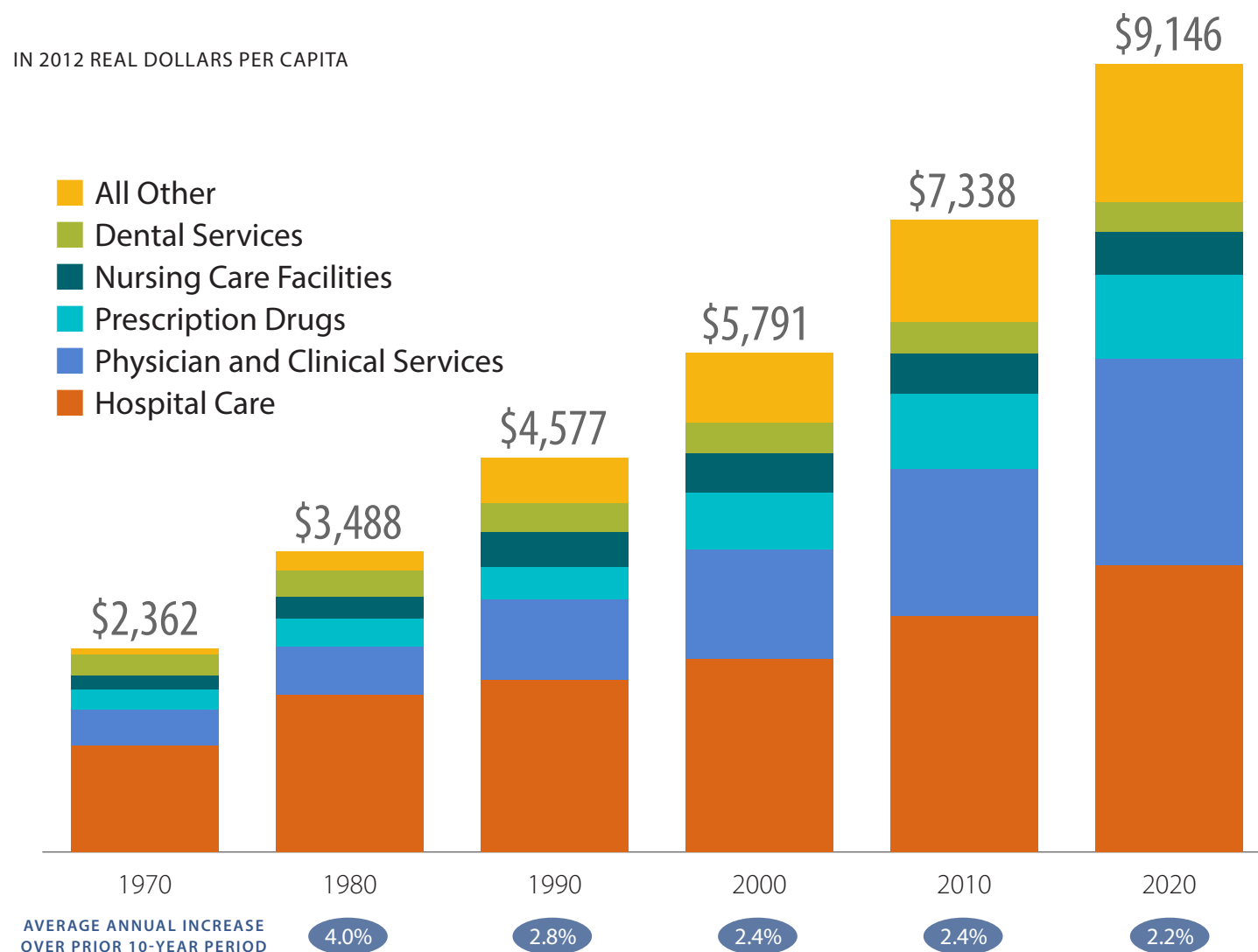
Other health care refers to other health, residential, and personal care.

Other medical products is durable medical equipment and nondurable medical products.

Personal Health Care Spending, Adjusted for Inflation

United States, 1970 to 2020, Selected Years

IN 2012 REAL DOLLARS PER CAPITA



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

Source: Author calculations based on National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services (CMS), including unpublished CMS data associated with NHE Tables, CMS, table 23.

Health Care Costs 101

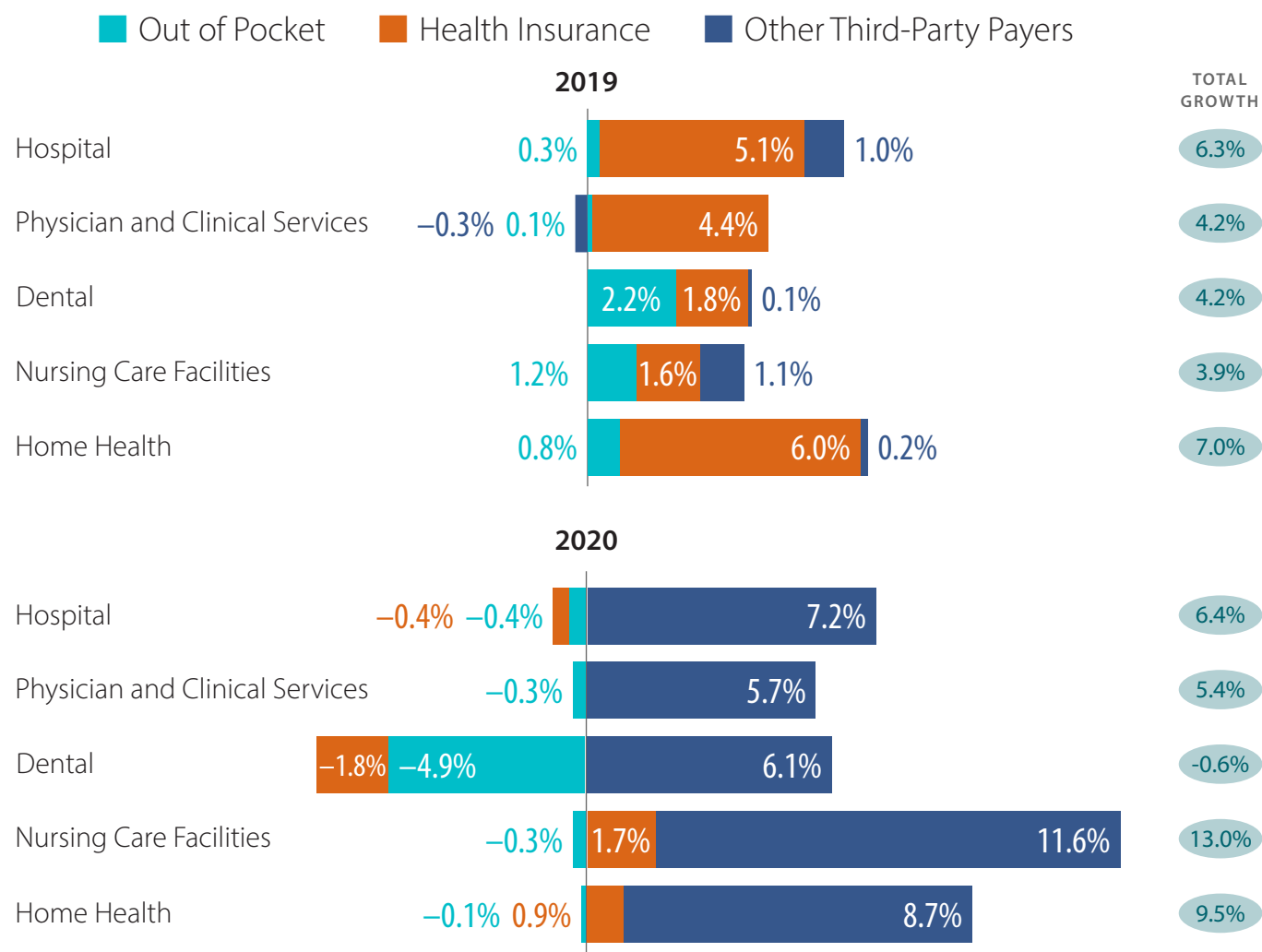
Spending Levels

In inflation-adjusted dollars,* per capita spending on health care services and goods grew nearly fourfold over the last 50 years, from \$2,362 per person in 1970 to \$9,146 in 2020. Non-price drivers of health care spending include technological advances, changes in the volume and mix of services, and shifts in the age 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.

Growth, by Spending Category and Payer

United States, 2019 and 2020



Notes: Segments show the percentage point contribution to the spending category's total growth. *Health insurance* includes private health insurance, Medicare, Medicaid, Children's Health Insurance Program, Department of Defense, and Department of Veterans Affairs.

Sources: Micah Hartman et al., "National Health Care Spending In 2020: Growth Driven by Federal Spending in Response to the COVID-19 Pandemic," *Health Affairs* 41, no. 1 (Jan. 2022), exhibit 5; and unpublished data points related to article's Exhibit 5 provided by Office of the Actuary, Centers for Medicare & Medicaid Services.

Health Care Costs 101

Spending Levels

In 2020, special federal COVID-19 pandemic programs*, which are reported in other third-party payers, contributed to the overall growth in spending on health care services, such as hospitals. The negative or slow growth in health insurance and out-of-pocket spending was associated with declines in the use of services, especially for dental services.

* The federal Paycheck Protection Program loans (\$53 billion) and the Provider Relief Fund (\$122 billion) provided direct payments to providers to offset lost revenue and to prepare for COVID-19 response.

Health Spending Summary, by Spending Category

United States, 2019, 2020, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	2000	2019	2020	2000	2019	2020	2000–20	2019	2020
National Health Expenditures	\$1,365.7	\$3,759.1	\$4,124.0	100%	100%	100%	5.7%	4.3%	9.7%
Hospital Care	415.5	1,193.7	1,270.1	30%	32%	31%	5.7%	6.3%	6.4%
Physician and Clinical Services	288.2	767.9	809.5	21%	20%	20%	5.3%	4.2%	5.4%
Dental Services	62.1	143.2	142.4	5%	4%	3%	4.2%	4.2%	-0.6%
Other Professional Services	36.6	111.3	117.4	3%	3%	3%	6.0%	6.5%	5.6%
Nursing Care Facilities	85.0	174.2	196.8	6%	5%	5%	4.3%	3.9%	13.0%
Home Health Care	32.3	113.0	123.7	2%	3%	3%	6.9%	7.0%	9.5%
Other Health Care	64.0	195.7	208.8	5%	5%	5%	6.1%	2.4%	6.7%
Prescription Drugs	122.0	338.1	348.4	9%	9%	8%	5.4%	4.3%	3.0%
Other Medical Products	51.2	138.1	140.7	4%	4%	3%	5.2%	4.8%	1.8%
Net Cost of Health Insurance	62.9	236.6	301.4	5%	6%	7%	8.2%	-4.6%	27.4%
Government Administration	17.1	47.4	48.4	1%	1%	1%	5.3%	2.3%	2.1%
Public Health Activities	43.1	105.0	223.7	3%	3%	5%	8.6%	5.3%	113.1%
Investment	85.7	194.9	192.7	6%	5%	5%	4.1%	3.4%	-1.2%

Notes: *Health spending* refers to national health expenditures. *Growth* for 2000–20 is average annual rate; 2019 and 2020 are annual rates. Figures 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 (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Spending Levels

In 2020, the 9.7% increase in health spending far exceeded the 20-year average (5.7%). Between 2019 and 2020 public health activities more than doubled, as the federal government invested in vaccine development, stockpiling, and testing. The net cost of health insurance increased by 27% in 2020.*

*The 2020 increase in the net cost of health insurance (\$65 billion) was related to the reinstatement of the health insurance tax (\$15.5 billion) and COVID-19 pandemic-related reductions in medical care spending by insurers.

SPENDING CATEGORY DEFINITIONS

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

Investment is noncommercial research, structures, and equipment.

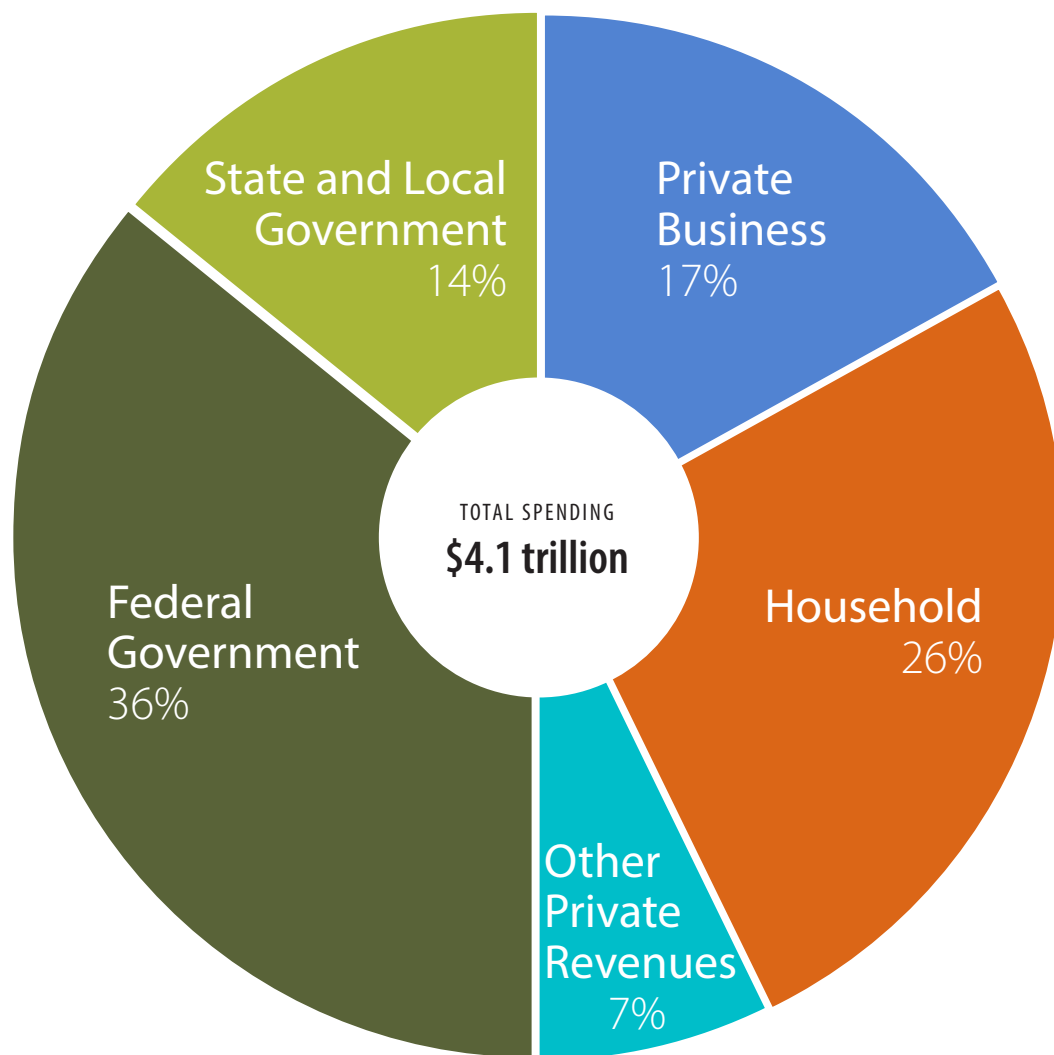
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, fees, and profits.

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

Other medical products is durable medical equipment and nondurable medical products.

Health Spending Distribution, by Sponsor

United States, 2020



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities ultimately responsible for financing the health care bill. See page 18 for trend data. Figures may not sum due to rounding.

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Sponsors

Sponsors finance the nation's health spending by paying insurance premiums, out-of-pocket expenses, and payroll taxes, or by directing general tax revenues to health care. In 2020, the federal government (36%) was the largest sponsor, followed by household (26%) and private business (17%).

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.

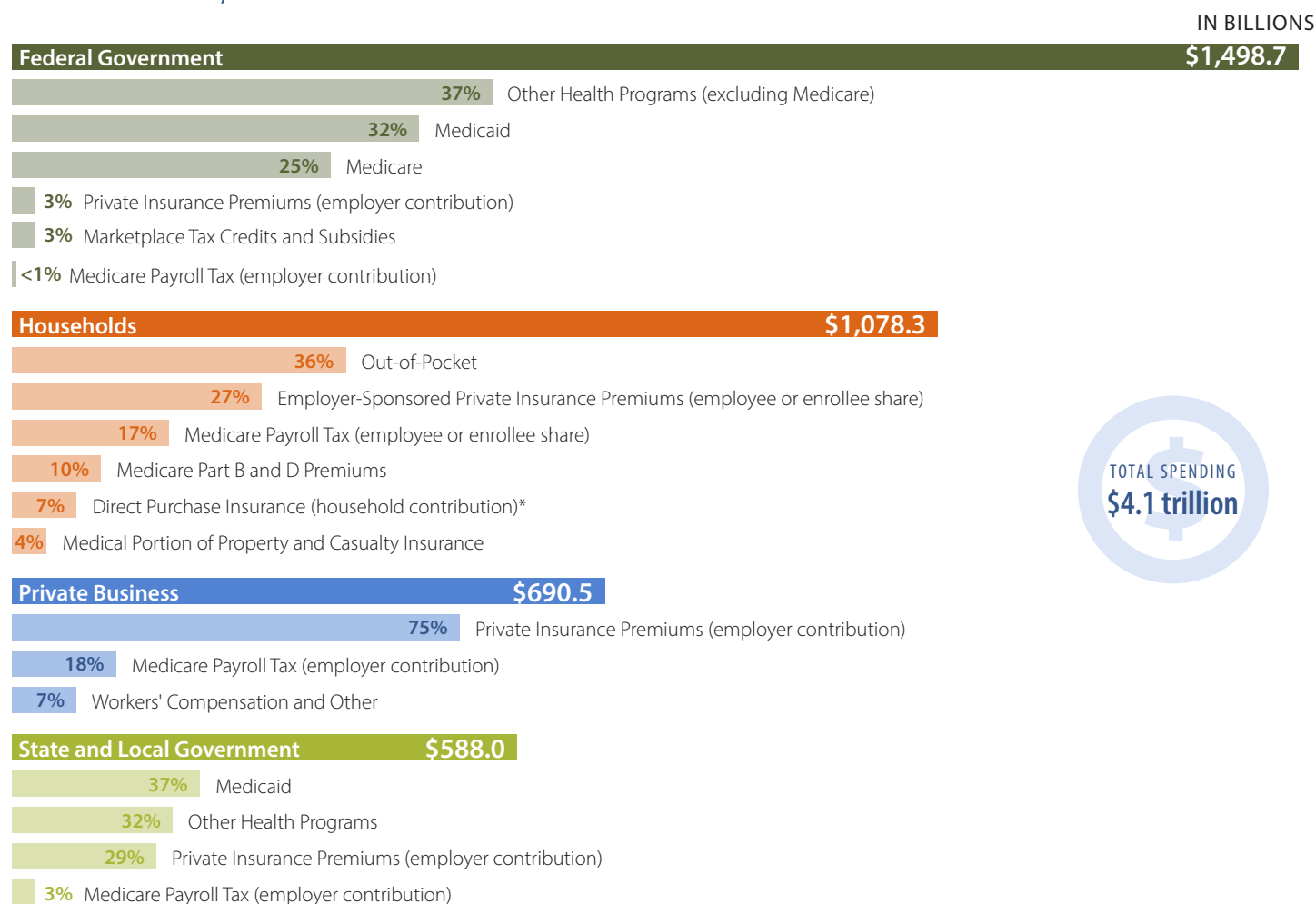
Other private revenues include philanthropy, investment income, and private investment in research, structures, and equipment.

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

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

Health Spending Distribution, Sponsor Detail

United States, 2020



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

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities ultimately responsible for financing the health care bill. Federal *other health programs* includes federal public health, COVID-19-related spending for the Provider Relief Fund and Paycheck Protection Program loans, Department of Defense and Veterans Affairs health care, Maternal and Child Health, and Children's Health Insurance Program (CHIP). State *other health programs* includes public health spending, CHIP, and school health. *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 excludes government-paid advance premium tax credit and cost-sharing reductions. Not shown: other private revenues (\$269 billion), which includes health-related philanthropic support, nonoperating revenue, investment income, and privately-funded structures and equipment. Figures may not total 100% due to rounding.

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

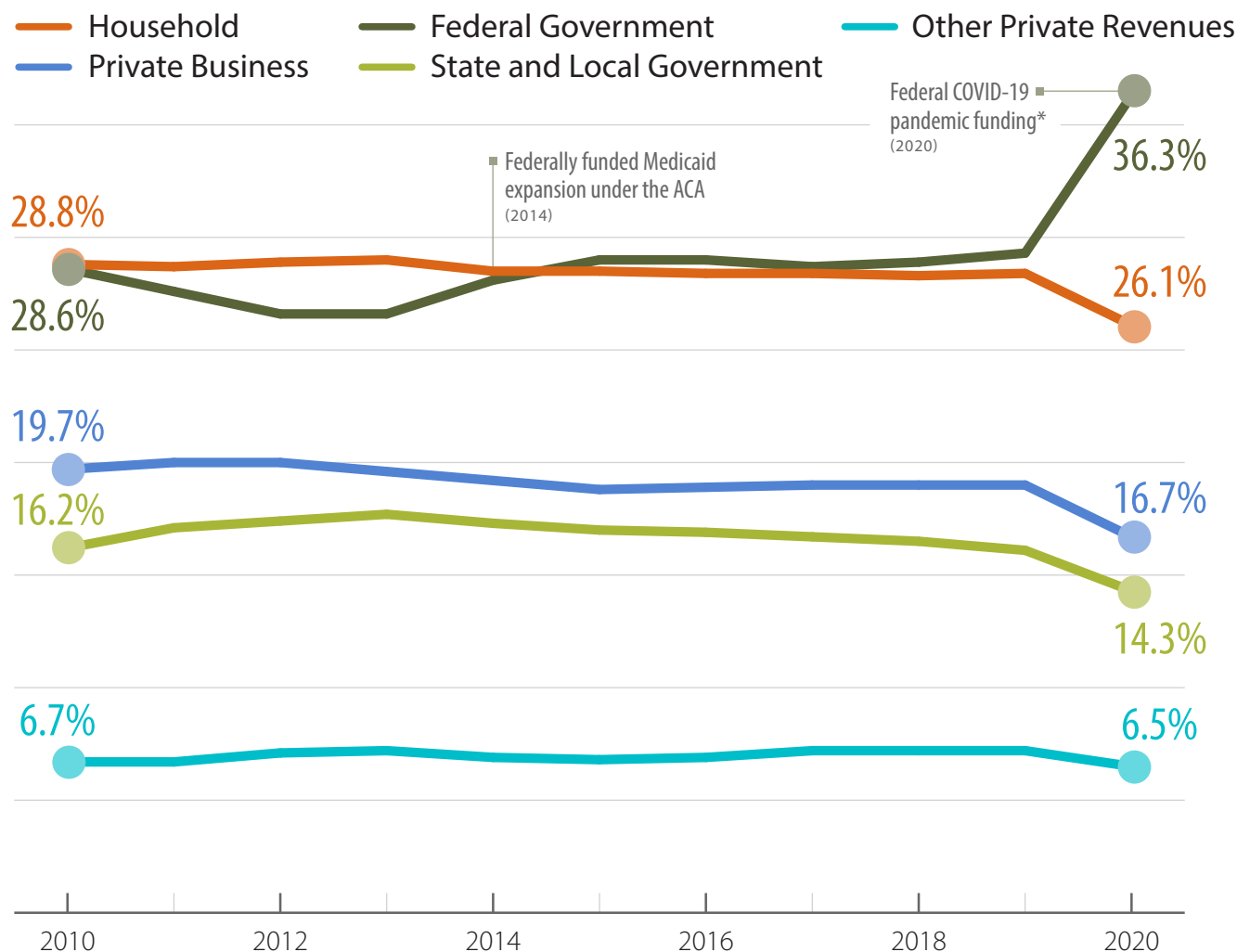
Health Care Costs 101

Sponsors

Other health programs, which included the COVID-19-related public health spending and provider relief programs, was the largest component (37%) of health spending by the federal government in 2020. State and local spending on other health programs (which included state public health spending) accounted for 32% of health spending, and reflected a 4% increase in spending (not shown).

Health Spending Distribution, by Sponsor

United States, 2010 to 2020



* Federal pandemic spending in 2020 included \$113.5 billion in funding for public health (e.g., vaccine development, stockpiling, and testing), \$174.9 billion in assistance to providers (Paycheck Protection Program loans and Provider Relief Payments), and increased Medicaid funding to states.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities ultimately responsible for financing the health care bill. See [page 17](#) for detail on how sponsors finance health care spending. *Other private revenues* includes health-related philanthropic support, nonoperating revenue, investment income, and privately-funded structures and equipment.

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Sponsors

The federal government's share of health spending increased from 29% in 2019 to 36% in 2020, while the share of spending from all other sources declined. Before 2020, households and the federal government accounted for similar shares of health spending.

Health Spending Summary, by Sponsor

United States, 2019, 2020, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	2000	2019	2020	2000	2019	2020	2000–2020	2019	2020
National Health Expenditures	\$1,365.7	\$3,759.1	\$4,124.0	100%	100%	100%	5.7%	4.3%	9.7%
Private Business	335.5	712.5	690.5	25%	19%	17%	3.7%	3.8%	-3.1%
Household	437.3	1,067.0	1,078.3	32%	28%	26%	4.6%	4.4%	1.1%
Other Private Revenues	104.1	270.7	268.6	8%	7%	7%	4.9%	4.7%	-0.8%
Federal Government	263.2	1,102.3	1,498.7	19%	29%	36%	9.1%	5.9%	36.0%
State and Local Government	225.5	606.6	588.0	17%	16%	14%	4.9%	1.7%	-3.1%

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities ultimately responsible for financing the health care bill. Growth for 2000–2020 is average annual rate; 2019 and 2020 are annual rates. *Other private revenues* includes health-related philanthropic support, nonoperating revenue, investment income, and privately-funded structures and equipment. 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](#) (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Sponsors

In 2020, health spending by the federal government increased 36% (\$396 billion), while health spending by private business and state and local government each declined 3%. Large health care outlays by the federal government during the COVID-19 pandemic accelerated a decades-long shift from private to public financing of the US health care system. On average, health spending by the federal government increased 9.1% per year between 2000 and 2020.

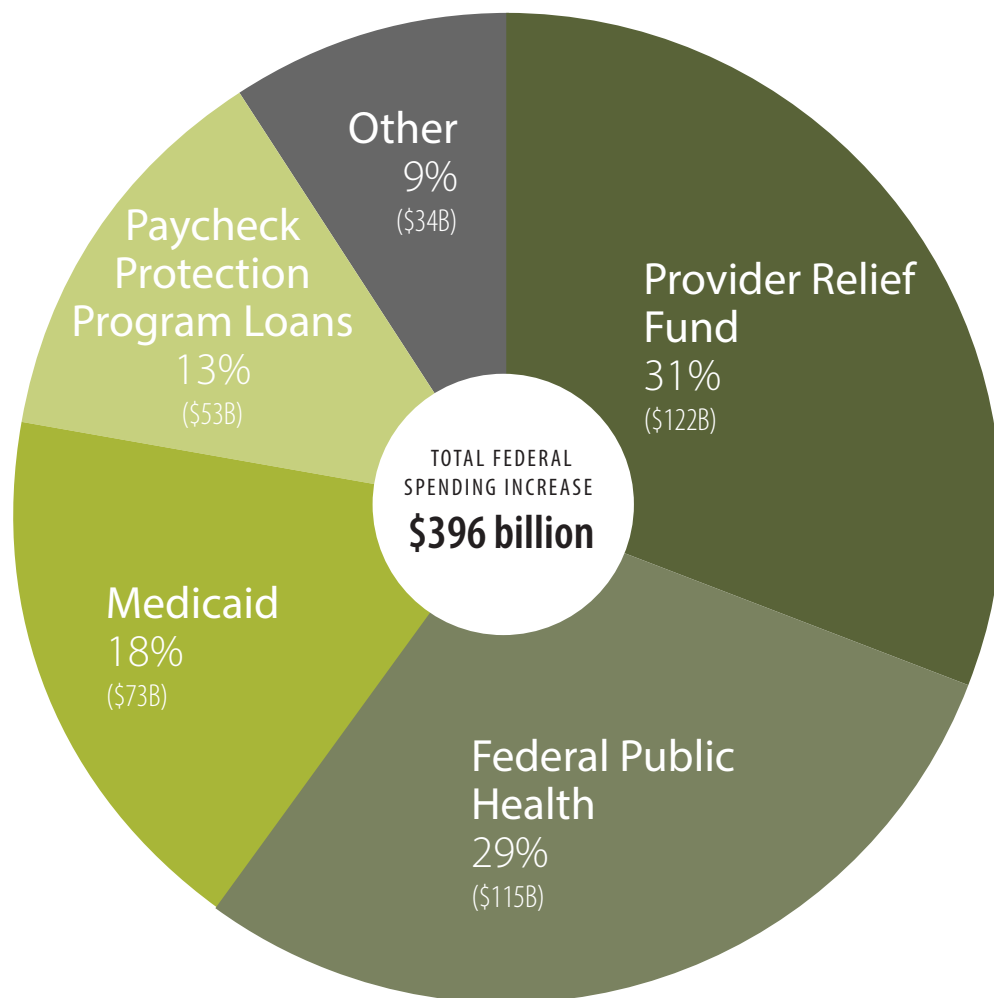
Federal Health Spending Increase Distribution

United States, 2020

Health Care Costs 101

Sponsors

Federal health spending rose by 36%, or \$396 billion, and accounted for most of the growth in 2020 health spending. It included public health spending for COVID-19 vaccine development and testing, provider payments under the Provider Relief Fund (\$122 billion) and the Paycheck Protection Program loans (\$53 billion), and increased Medicaid funding to states.

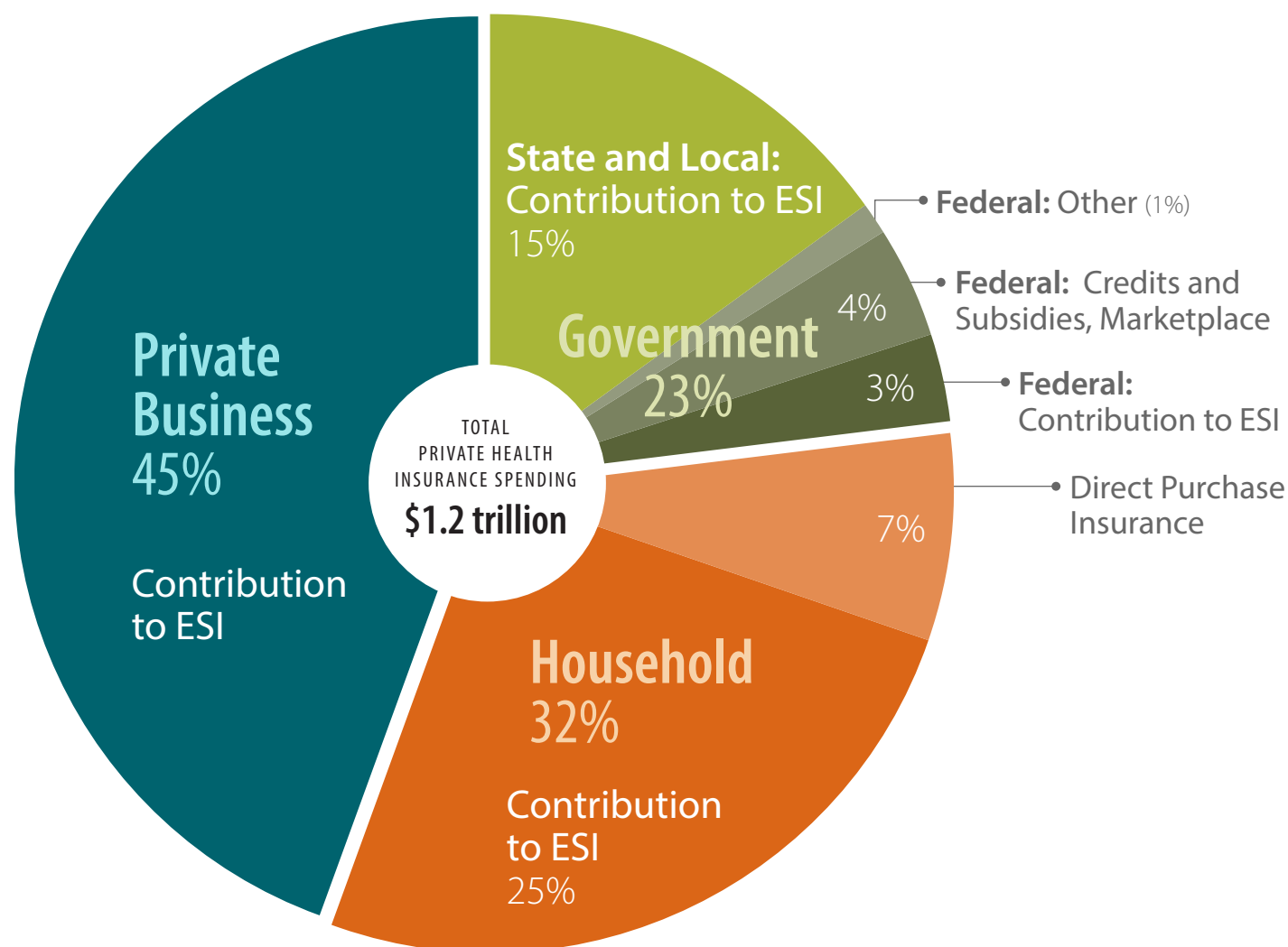


Notes: *Other* is a residual after accounting for spending under the Provider Relief Fund, Paycheck Protection Program, and increased federal spending for public health and Medicaid. Figures may not sum due to rounding.

Source: Author calculations based on *Accounting for Federal COVID Expenditures in the National Health Expenditure Accounts* and *National Health Expenditure historical data (1960–2020)*, Centers for Medicare & Medicaid Services.

Sponsors of Private Health Insurance

United States, 2020



Notes: *Sponsors* are the entities ultimately responsible for financing the health care bill. *ESI* is employer-sponsored insurance. *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. *Direct purchase insurance* includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance. Figures may not sum due to rounding.

Source: Author calculations based on *Accounting for Federal COVID Expenditures in the National Health Expenditure Accounts* and *National Health Expenditure historical data (1960–2020)*, Centers for Medicare & Medicaid Services.

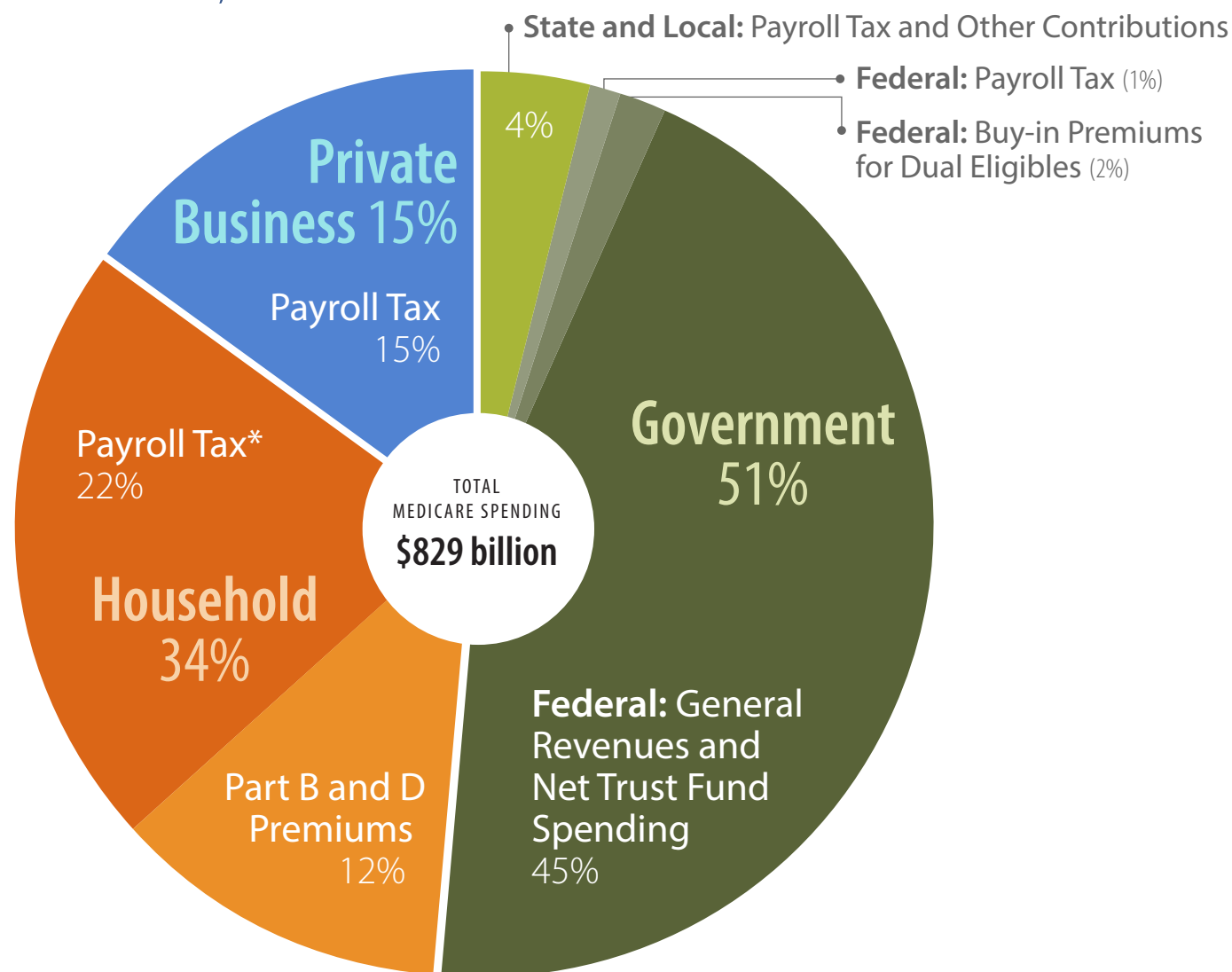
Health Care Costs 101

Sponsors

In 2020, private business was the largest funder of private health insurance, accounting for 45%. Households paid for nearly a third of private health insurance through contributions to employer-sponsored insurance and direct purchase insurance. Governments paid the remaining share, which included contributions to their workers' insurance premiums and \$50 billion in funding for federal marketplace tax credits.

Sponsors of Medicare

United States, 2020



* Includes employee and self-employed tax, and voluntary premiums paid to Medicare Hospital Insurance Trust Fund (Part A).

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

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

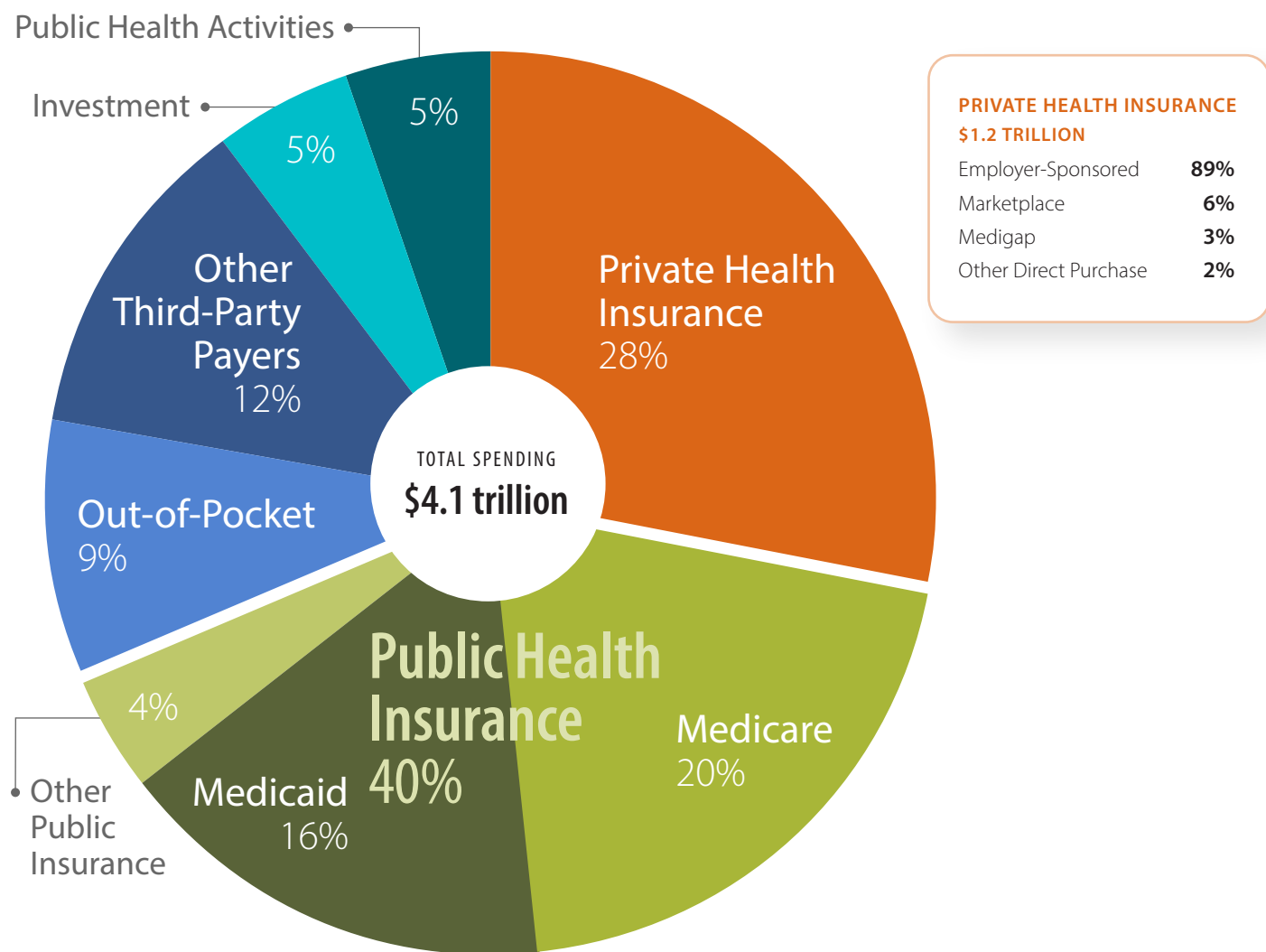
Health Care Costs 101

Sponsors

Medicare is financed by general revenue, payroll taxes, and premiums. In 2020, government sources such as general revenues and trust fund spending accounted for about half of Medicare spending. Households funded about a third of Medicare, through workers remitting payroll taxes and enrollees paying Part B and D premiums. Business payroll taxes financed the remaining 15% of Medicare spending.

Health Spending Distribution, by Payer

United States, 2020



Health Care Costs 101

Payment Sources

In 2020, all public health insurance combined paid for 40% of health spending, including 20% by Medicare and 16% by Medicaid. Private health insurance accounted for 28% of health spending. Out-of-pocket spending by consumers accounted for 9%.

PAYER DEFINITIONS

Investment is noncommercial research, structures, and equipment.

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

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

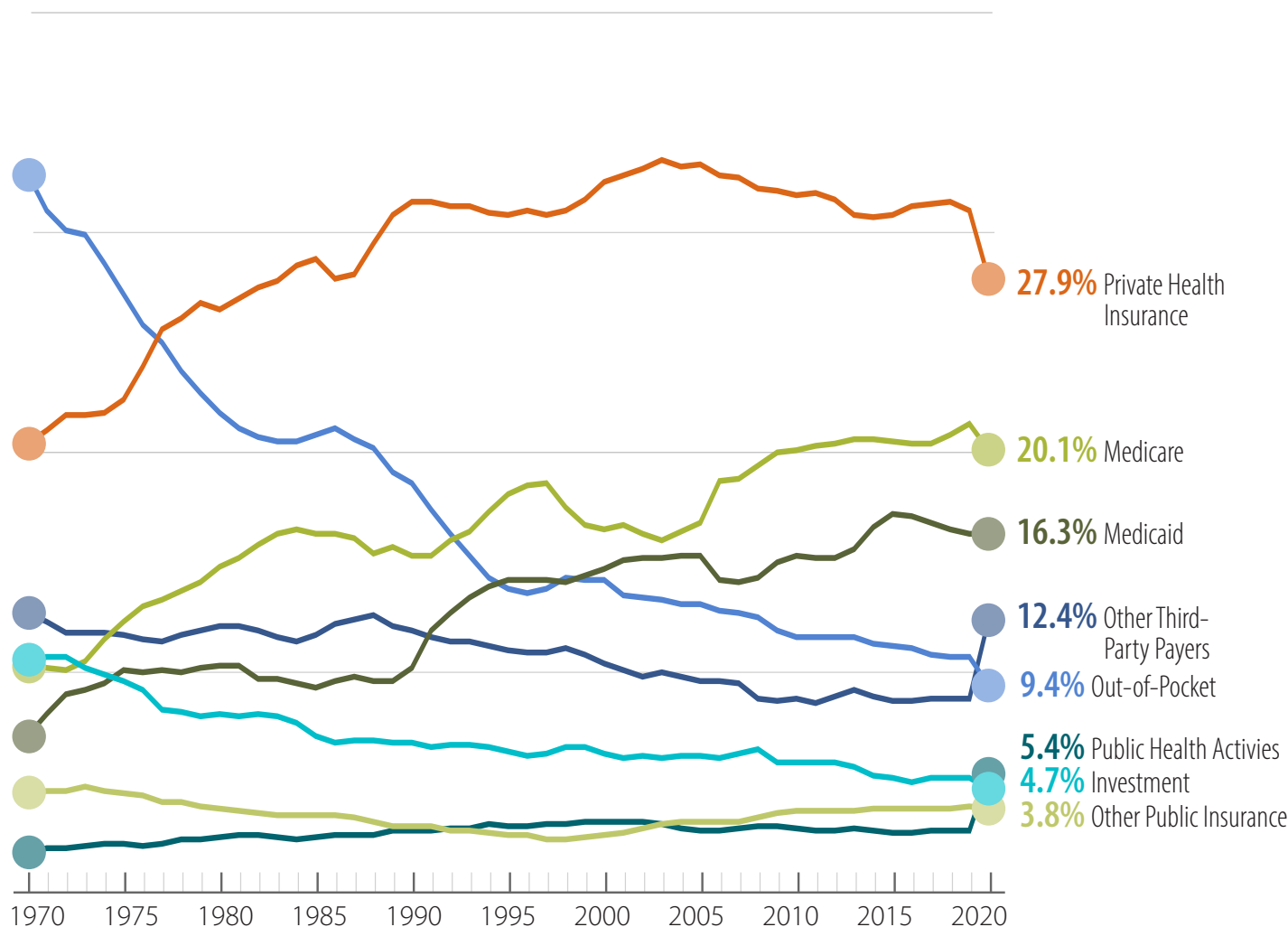
Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Spending Distribution, by Payer

United States, 1970 to 2020



Notes: Health spending refers to national health expenditures. Figures may not sum due to rounding.
 Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Payment Sources

Since 1970, the out-of-pocket share of national health spending has decreased, while public insurance spending has increased. The COVID-19 pandemic impacted the distribution of spending in 2020, as the share of spending by public health and other payer categories increased substantially.

PAYER DEFINITIONS

Investment is noncommercial research, structures, and equipment.

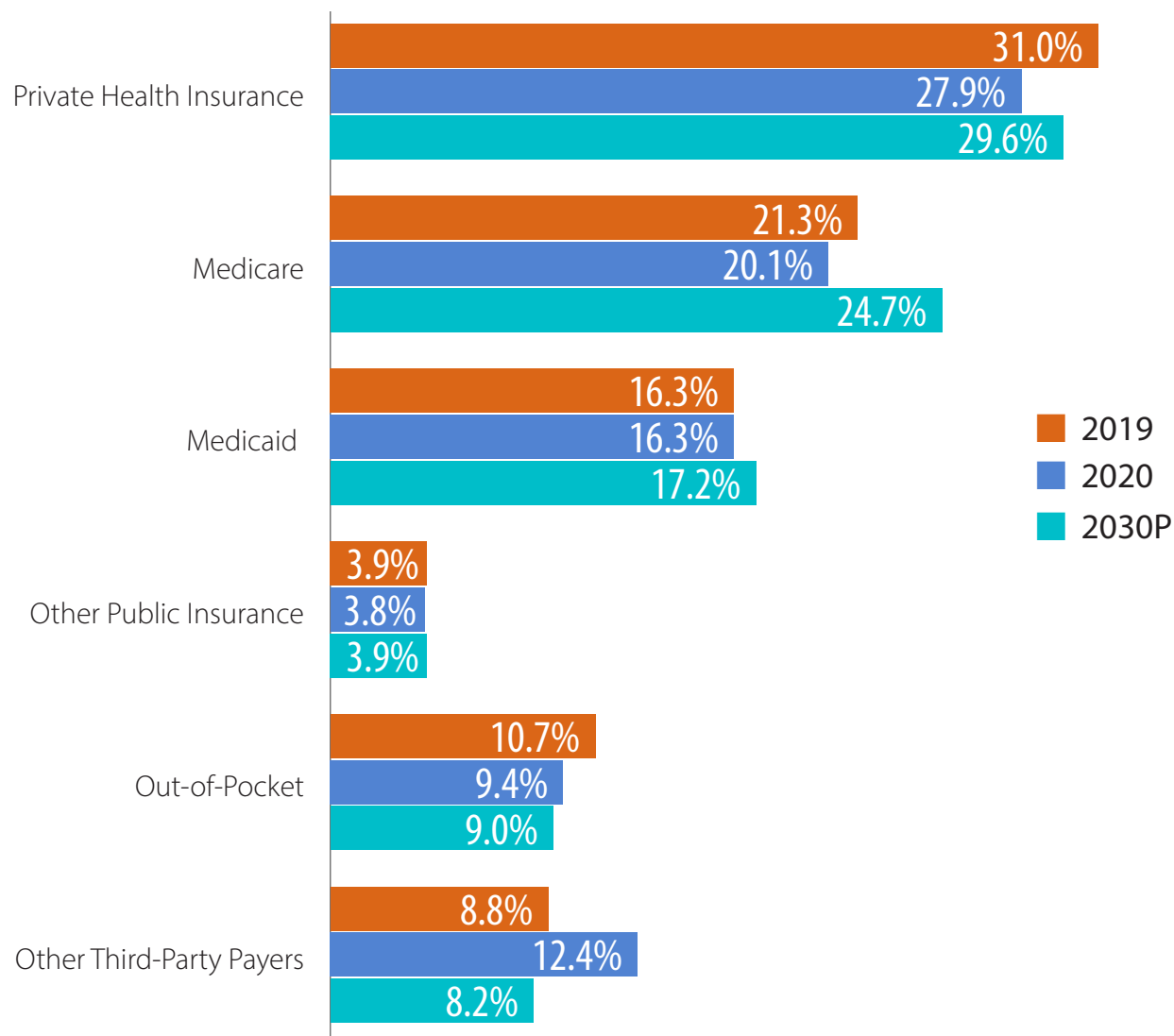
Other public insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program. Source uses *other health insurance programs*.

Other third-party payers includes worksite health care, Indian Health Services, workers' compensation, Maternal and Child Health, and vocational rehabilitation.

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, 2019, 2020, and 10-Year Projection



Notes: *Health spending* refers to national health expenditures. Projections shown as *P* and based on current law as of December 2020. See page 24 for historical distribution. Not shown: public health activities and investment, which totaled 8.0%, 10.1%, and 7.4% in 2019, 2020, and 2030P, respectively.

Sources: National Health Expenditure (NHE) historical data, 1960–2020, Centers for Medicare & Medicaid Services (CMS); and NHE projections (2021–30), CMS.

Health Care Costs 101

Payment Sources

As the population ages, Medicare's share of national health spending is expected to grow. While Medicare paid for just over \$1 in every \$5 spent on health in 2020, it will pay for about \$1 of every \$4 in 2030. By contrast, little change is projected in the share of spending paid by private insurance and Medicaid.

PAYER DEFINITIONS

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

Other third-party payers includes worksite health care, Indian Health Services, workers' compensation, Maternal and Child Health, and vocational rehabilitation.

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, 2019, 2020, and 20-Year Look Back

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH		
	2000	2019	2020	2000	2019	2020	2000–2020	2019	2020
Total National Health Spending	\$1,365.7	\$3,759.1	\$4,124.0	100%	100%	100%	5.7%	4.3%	9.7%
Out-of-Pocket	193.5	403.7	388.6	14%	11%	9%	3.5%	4.4%	-3.7%
Private Health Insurance	440.8	1,165.6	1,151.4	32%	31%	28%	4.9%	3.1%	-1.2%
Medicare	224.8	801.4	829.5	16%	21%	20%	6.7%	6.9%	3.5%
Medicaid	200.4	614.4	671.2	15%	16%	16%	6.2%	3.0%	9.2%
Federal	116.8	387.3	460.0	9%	10%	11%	7.1%	4.1%	18.8%
State and Local	83.5	227.1	211.2	6%	6%	5%	4.7%	1.3%	-7.0%
Other Public Insurance	35.8	145.0	157.2	3%	4%	4%	7.7%	6.2%	8.4%
Other Third-Party Payers	141.7	329.2	509.7	10%	9%	12%	6.6%	4.1%	54.8%
Other Federal Programs	4.5	14.0	193.9	<1%	<1%	5%	20.8%	9.3%	1282.0%
All Other	137.3	315.2	315.8	10%	8%	8%	4.3%	3.9%	0.2%
Public Health Activities	43.1	105.0	223.7	3%	3%	5%	8.6%	5.3%	113.1%
Federal	4.9	13.3	128.2	< 1%	< 1%	3%	17.8%	10.3%	864.5%
State and Local	38.2	91.7	95.5	3%	2%	2%	4.7%	4.6%	4.2%
Investment	85.7	194.9	192.7	6%	5%	5%	4.1%	3.4%	-1.2%

Notes: *Health spending* refers to national health expenditures. Growth for 2000–20 is average annual rate; 2019 and 2020 are annual rates. Figures may not sum due to rounding.

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Payment Sources

In 2020, out-of-pocket and private health insurance spending declined. Medicaid spending grew 9.2% in 2020, mostly due to enrollment increases. Federal Medicaid spending increased, while state spending decreased. The increase in public health activities was driven by federal spending dollars. Spending on other federal programs surged mainly due to COVID-19-related provider relief payments.

PAYER DEFINITIONS

Investment is noncommercial research, structures, and equipment.

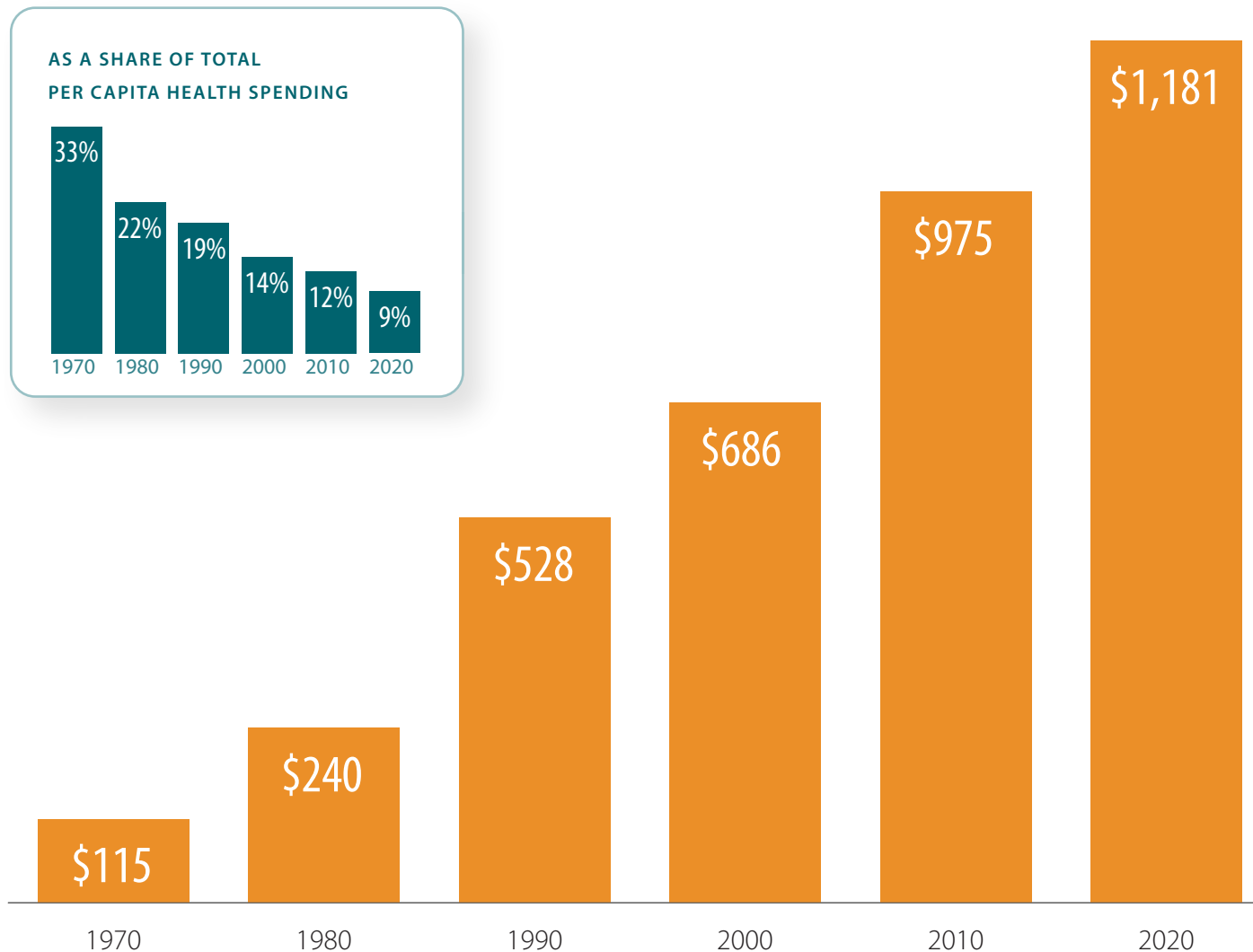
Other public insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program. Source uses *other health insurance programs*.

Other third-party payers includes worksite health care, Indian Health Services, workers' compensation, Maternal and Child Health, and vocational rehabilitation.

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, 1970 to 2020, Selected Years



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

Source: Author calculations based on [National Health Expenditure historical data](#) (1960–2020), Centers for Medicare & Medicaid Services (CMS), and related unpublished CMS data.

Health Care Costs 101

Payment Sources

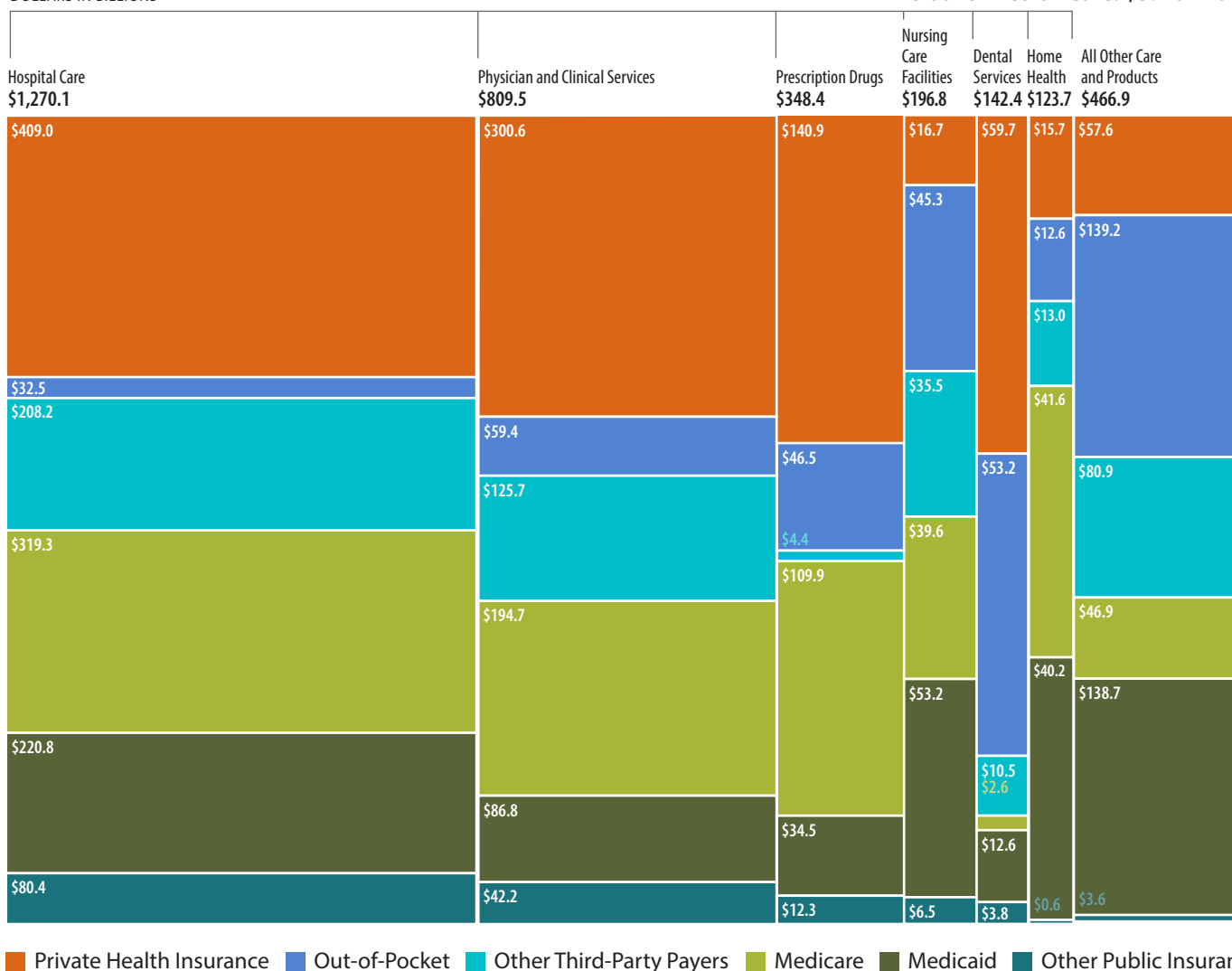
Out-of-pocket spending on health care was \$1,181 per person in 2020, lower than in 2019 (not shown). Out-of-pocket spending as a share of total health spending has declined over time. In 1970, the \$115 spent out of pocket accounted for 33% of the \$353 per capita health spending. In 2020, the \$1,181 spent out of pocket was 9% of the \$12,530 spent per capita.

Personal Health Care, by Payer and Spending Category

United States, 2020

DOLLARS IN BILLIONS

Personal Health Care: \$3.4 trillion



Notes: *All other care and products* includes durable medical equipment, other nondurable medical products, other professional services, and other health, residential, and personal care. Figures 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 (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Payment Sources

The payer mix for health care differed by spending category in 2020. For example, most prescription drugs were paid for by private health insurance and Medicare, while most dental care was paid for by private health insurance and out of pocket.

PAYER DEFINITIONS

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

Other third-party payers includes worksite health care, Indian Health Services, workers' compensation, Maternal and Child Health, and vocational rehabilitation.

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, Selected Payers

United States, 2020

	SPENDING DISTRIBUTION			
	PRIVATE HEALTH INSURANCE	OUT-OF-POCKET	MEDICARE	MEDICAID
TOTAL SPENDING	\$1,151B	\$389B	\$829B	\$671B
Hospital Care	36%	8%	38%	33%
Physician and Clinical Services	26%	15%	23%	13%
Dental Services	5%	14%	<1%	2%
Other Professional Services	3%	7%	3%	1%
Nursing Care Facilities	1%	12%	5%	8%
Home Health Care	1%	3%	5%	6%
Other Health Care	1%	2%	1%	18%
Prescription Drugs	12%	12%	13%	5%
Other Medical Products	1%	27%	2%	1%
Net Cost of Health Insurance	13%	0%	8%	8%
Government Administration	0%	0%	1%	4%

Notes: *Health spending* refers to national health expenditures. Figures 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 \(1960–2020\)](#), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Payment Sources

In 2020, the largest spending category for private health insurance, Medicare, and Medicaid was hospital care. The largest spending category for out-of-pocket spending was other medical products, which includes eyeglasses, hearing aids, and over-the-counter medications. Medicaid's second-largest spending category was other health care, which includes Medicaid 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.

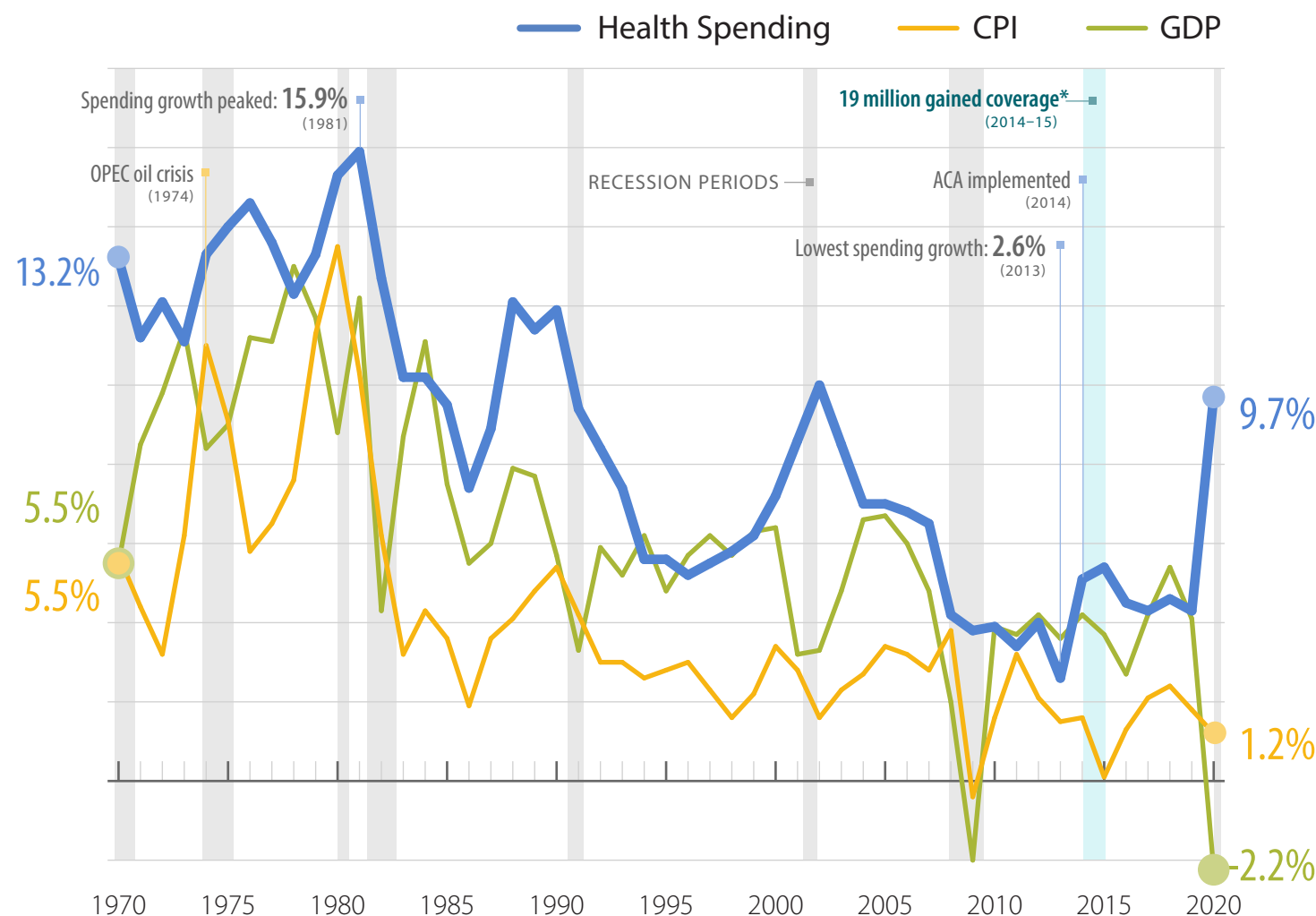
Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

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

Other medical products is durable medical equipment and nondurable medical products.

Health Spending vs. Inflation and the Economy

United States, 1970 to 2020



* 12.4 million additional Medicaid (+21%); 9.3 million additional privately insured (+4.9%).

Notes: Health spending refers to national health expenditures. CPI is consumer price index and GDP is gross domestic product.

Sources: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services; and "Consumer Price Index," US Bureau of Labor Statistics.

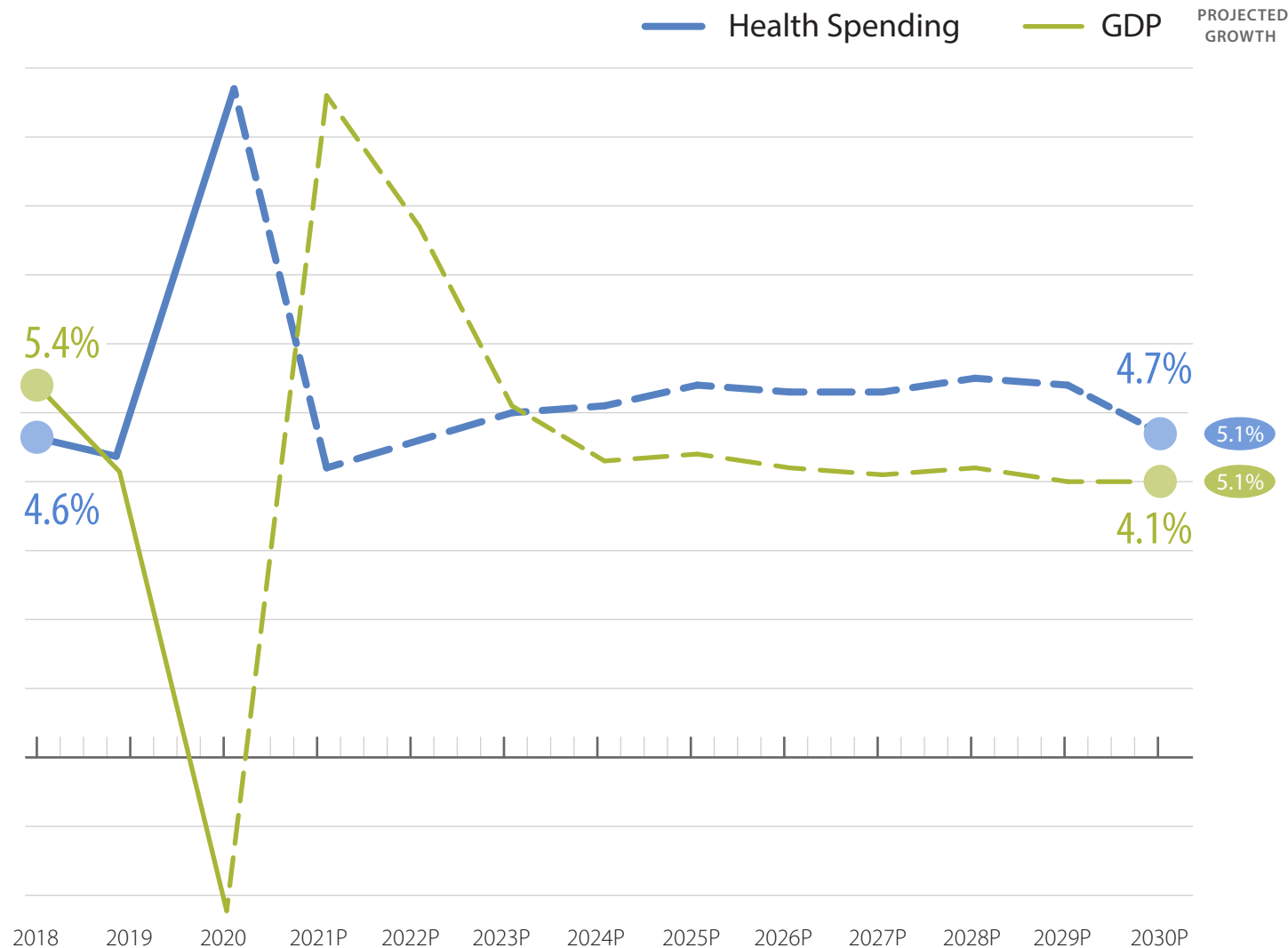
Health Care Costs 101

Growth Trends

In 2020, health spending increased by 9.7%, largely in response to the COVID-19 pandemic, while the economy, as measured by gross domestic product, declined by 2.2%. In general, health spending has outpaced both inflation and economic growth over the last 50 years.

Annual Growth, Health Spending vs. the Economy

United States, 2018 to 2020, and 10-Year Projection



Notes: Health spending refers to national health expenditures. GDP is gross domestic product. Projections shown as P and based on current law as of December 2020. Projected growth percentages are average annual (2021–30).

Sources: National Health Expenditure (NHE) historical data, 1960–2020, Centers for Medicare & Medicaid Services (CMS); and NHE projections (2021–30), CMS.

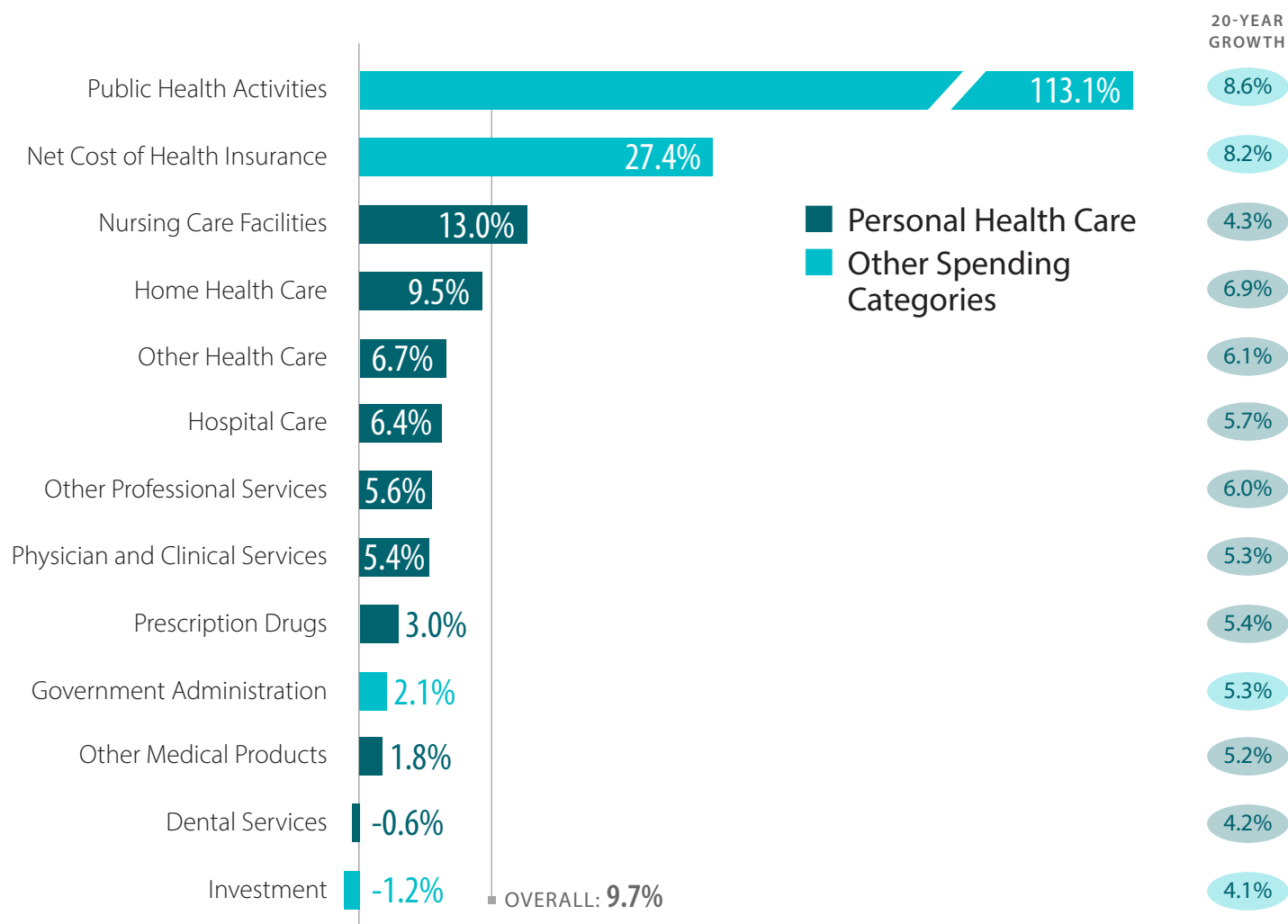
Health Care Costs 101

Growth Trends

Growth in health care spending is projected to slow and gross domestic product (GDP) growth is expected to rebound as the COVID-19 pandemic recedes. Between 2021 and 2030, GDP and health spending are expected to grow at the same average annual rate. Based on these estimates, health care's share of the economy in 2030 is projected to be 19.6%, nearly unchanged from the 2020 level of 19.7% (not shown).

Annual Growth, by Spending Category

United States, 2020



Health Care Costs 101

Growth Trends

Public health spending doubled between 2019 and 2020 as the federal government funded COVID-19 vaccine development and related efforts. The net cost of health insurance increased 27.4% due to the reinstatement of the health insurance tax* and lower use and medical expenses for some private insurers. Federal provider programs contributed to the growth in hospital and physician services.

*The Affordable Care Act's Provision 9010 established the health insurance providers fee, implemented in 2014.

SPENDING CATEGORY DEFINITIONS

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

Investment is 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 other health, residential, and personal care.

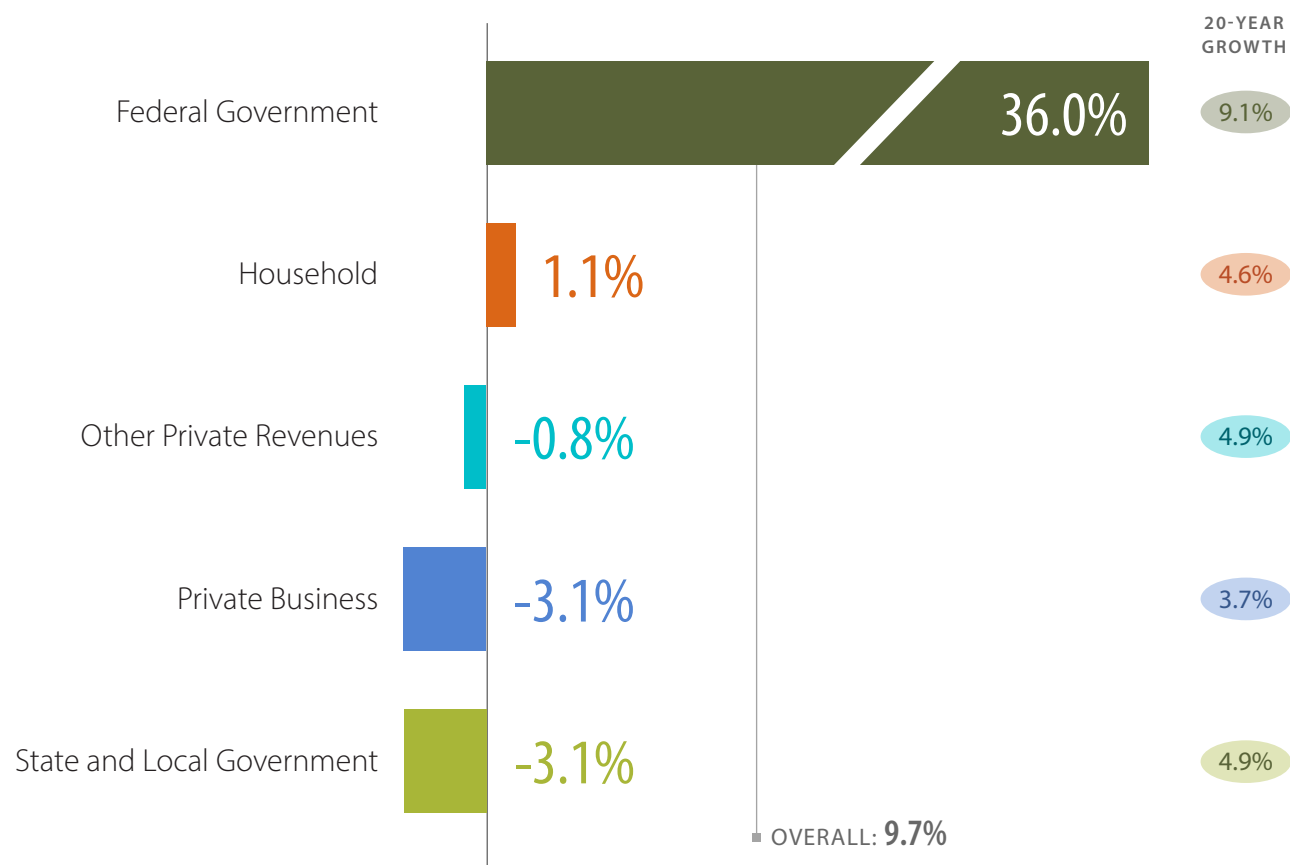
Other medical products is durable medical equipment and nondurable medical products.

Notes: Twenty-year growth percentages are average annual (2000–20). For additional detail on spending categories, see [Appendix A](#). Further definitions available at www.cms.gov.

Source: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services

Annual Growth in Health Spending, by Sponsor

United States, 2020



Health Care Costs 101

Growth Trends

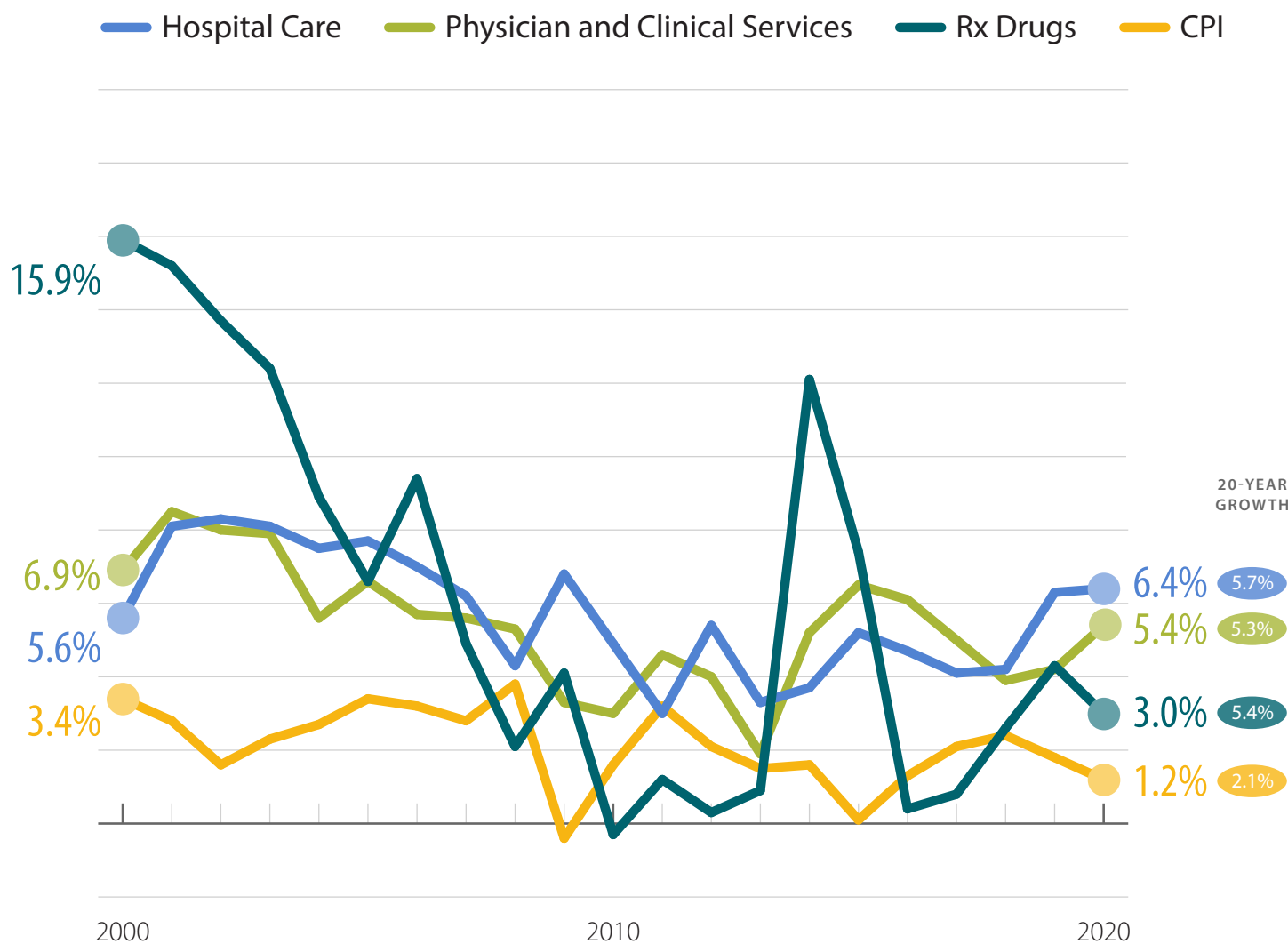
Federal health spending rose 36% as the government addressed the COVID-19 pandemic. Private business spending declined 3.1%, due to reductions in enrollment and declines in usage and claims for self-insured firms. State and local government spending declined 3.1% due mainly to increases in Medicaid federal assistance. Household spending growth slowed to 1.1% as out-of-pocket spending fell.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities ultimately responsible for financing the health care bill. *Other private revenues* includes health-related philanthropic support, nonoperating revenue, investment income, and privately-funded structures and equipment. See pages 16, 17, and 19 for detail on how sponsors finance health care spending. Twenty-year growth percentages are average annual (2000–20). For a breakdown of the federal spending increase, see [page 20](#).

Source: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services.

Annual Growth, Largest Health Spending Categories

United States, 2000 to 2020



Health Care Costs 101

Growth Trends

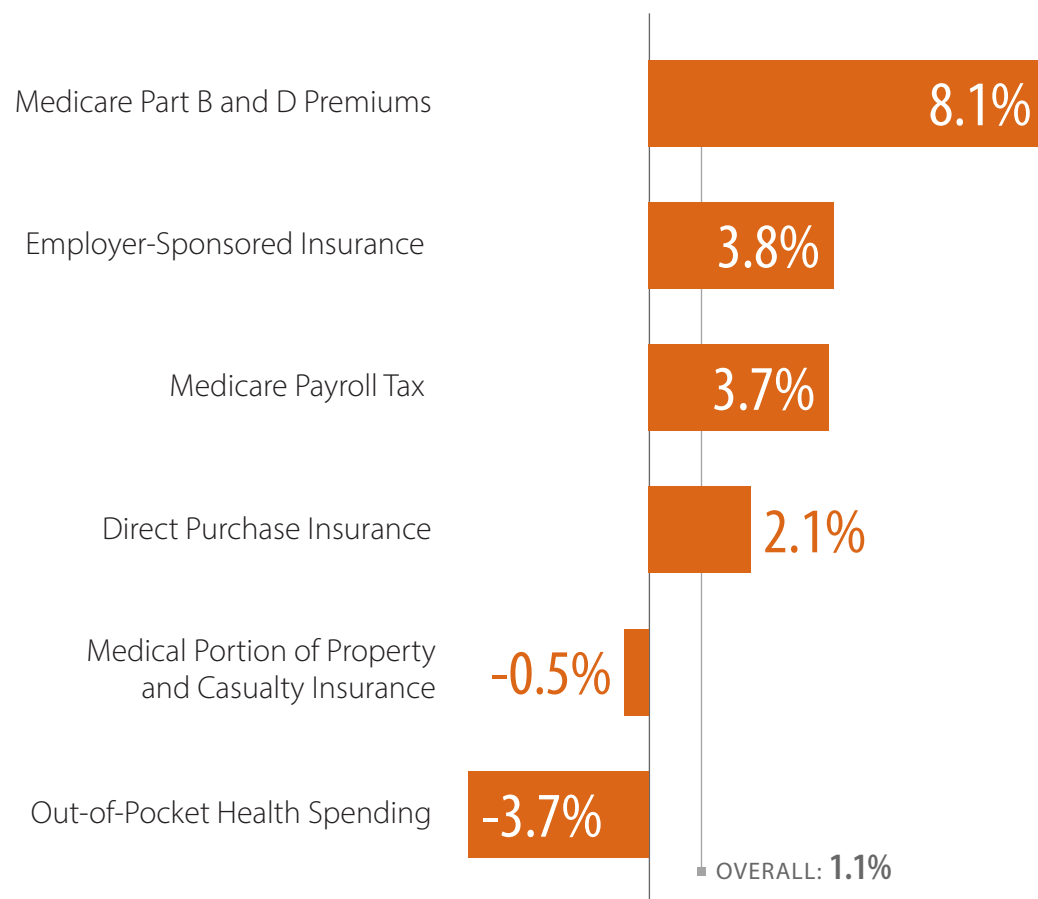
Between 2000 and 2020 growth in the largest health spending categories routinely exceeded growth in the consumer price index. Spending on hospital care and physician and clinical services have had similar growth rates. Growth in prescription drug spending has been more volatile, ranging from a low of 0.3% in 2010 to a high of 15.9% in 2000.

Notes: Health spending refers to national health expenditures. CPI is consumer price index. Twenty-year growth percentages are average annual (2000–20).

Source: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services.

Annual Growth in Household Health Spending

United States, 2020



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. *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. *Out-of-pocket* includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums. Household health spending excludes any subsidies provided for premiums or cost sharing by the Affordable Care Act.

Source: [National Health Expenditure \(NHE\) historical data](#) (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

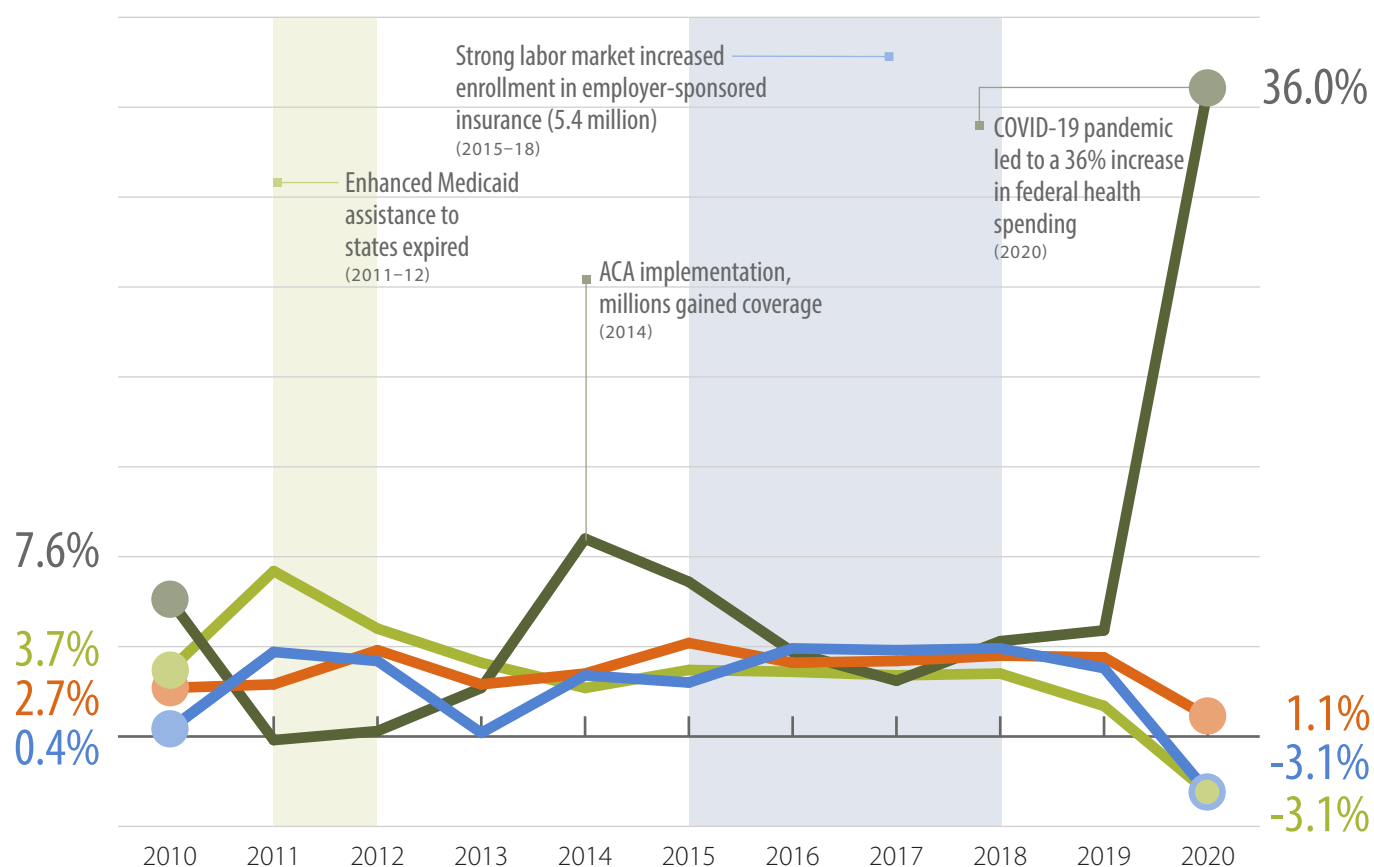
Growth Trends

Overall household health spending remained relatively unchanged in 2020. Out-of-pocket spending, which includes copays and spending for uncovered services, declined by 3.7%. The decline was mainly due to reductions in the use of medical services and an increase in the number of insured people. Household spending on direct purchase insurance increased, likely driven by growth in marketplace enrollment (not shown).

Annual Growth in Health Spending, by Sponsor

United States, 2010 to 2020

— Federal Gov't — State and Local Gov't — Household — Private Business



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See pages 16, 17, and 19 for detail on how sponsors finance health care spending.

Source: National Health Expenditure historical data (1960–2019), Centers for Medicare & Medicaid Services.

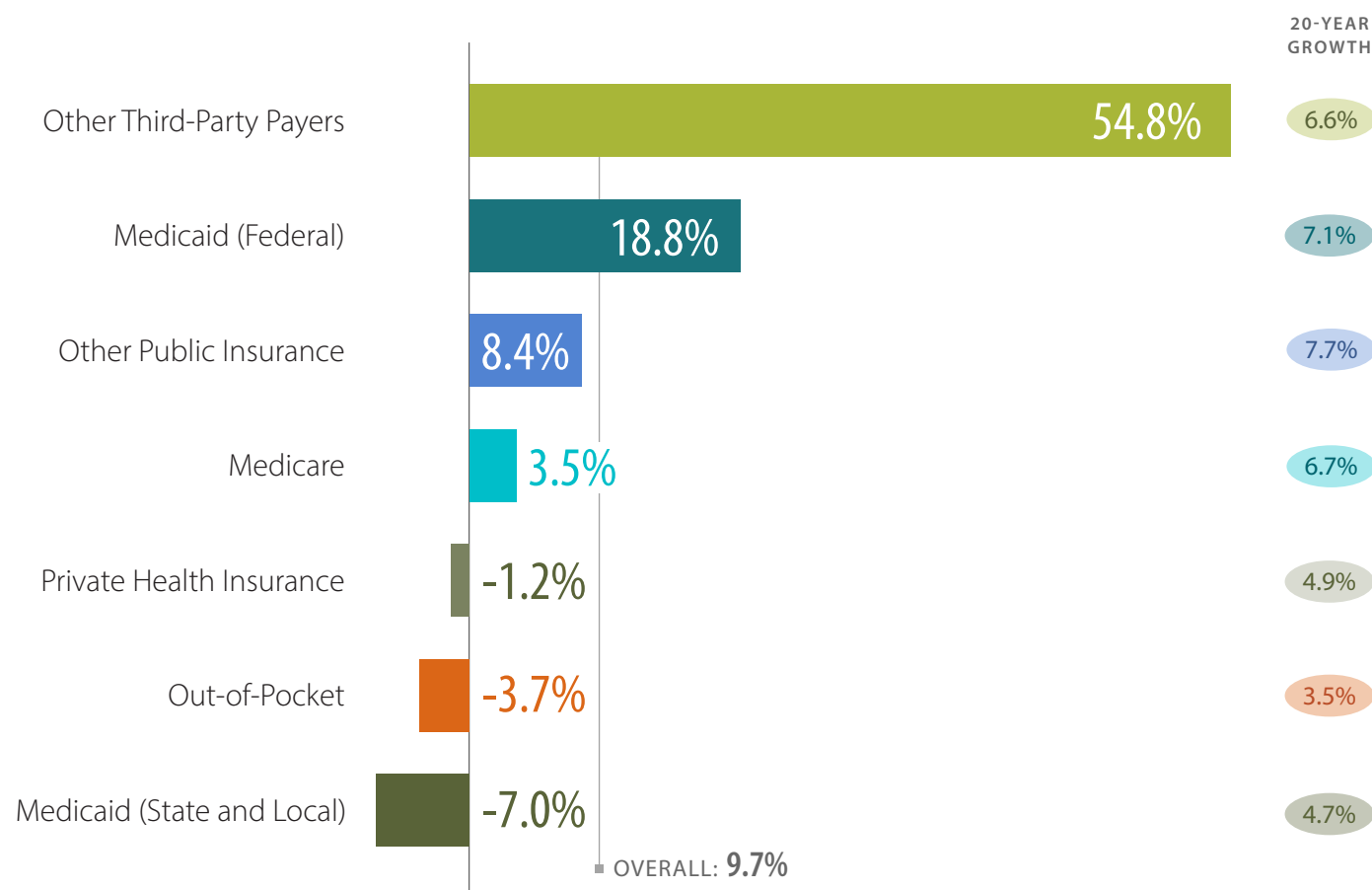
Health Care Costs 101

Growth Trends

The impact of federal policy decisions and economic conditions can be seen in the acceleration and deceleration of health care spending. For example, 2020 federal spending increased dramatically over the prior year as the federal government responded to the COVID-19 pandemic.

Annual Growth in Health Spending, by Payer

United States, 2020



Notes: *Health spending* refers to national health expenditures. Public health activities (3.5%) and investment (6.0%) are not shown. Overall Medicaid (federal and state combined) grew 9.2%. Twenty-year growth percentages are average annual (2000–20).

Source: National Health Expenditure (NHE) historical data (1960–2020), Centers for Medicare & Medicaid Services.

Health Care Costs 101

Growth Trends

Other third-party payers, which included federal spending for Paycheck Protection Program loans and the Provider Relief Fund, had the fastest growth rate in 2020. Private health insurance spending declined slightly due to a decrease in enrollment and lower utilization.

PAYER DEFINITIONS

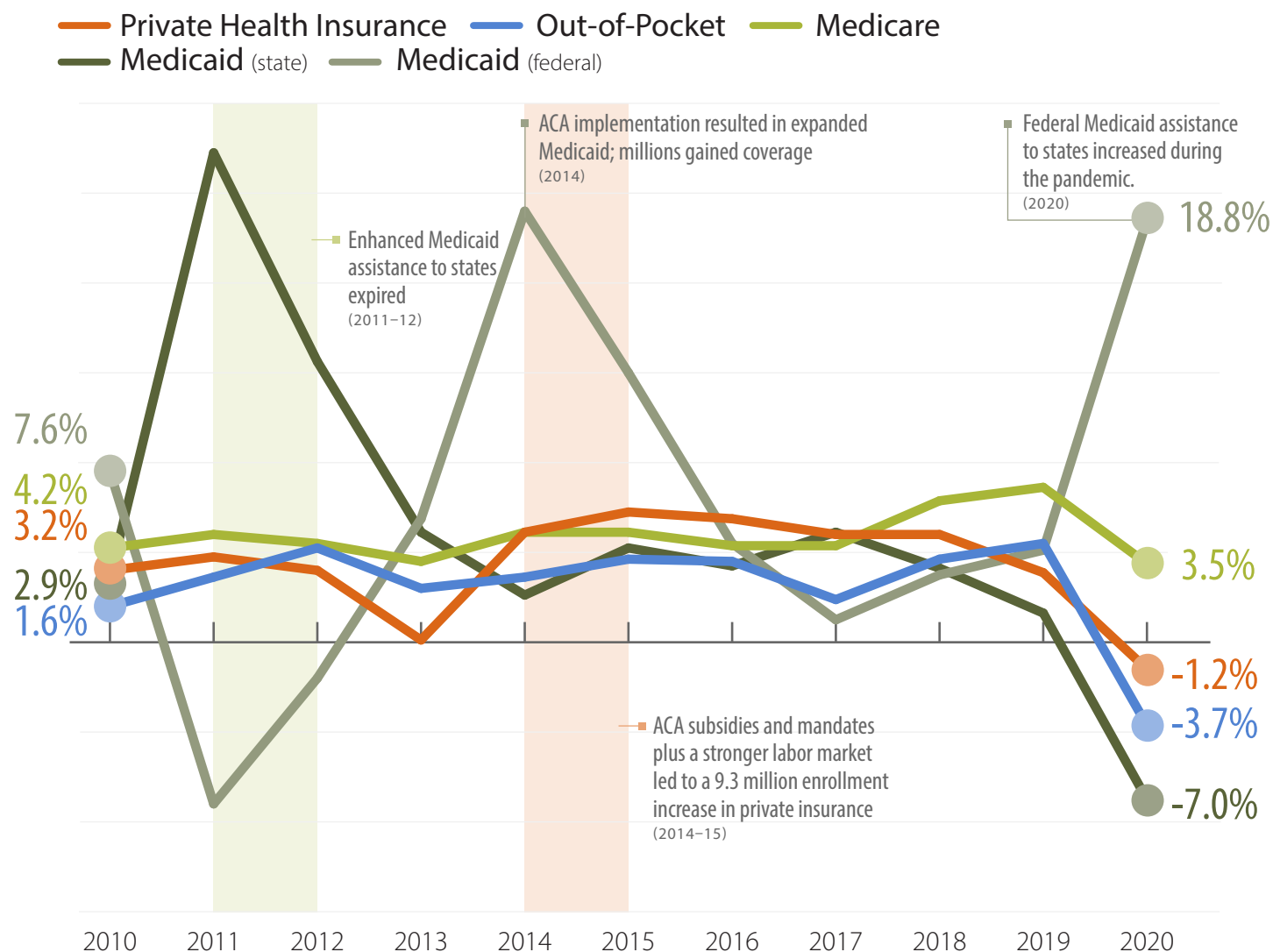
Other public insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program.

Other third-party payers includes worksite health care, Indian Health Services, workers' compensation, Maternal and Child Health, and vocational rehabilitation.

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

Annual Growth, by Payer

United States, 2010 to 2020



Notes: *Out-of-pocket* includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums. Not shown: other public health insurance, other payers, public health activities, and investment. See [page 39](#) for projected growth rates.

Source: National Health Expenditure historical data (1960–2020), Centers for Medicare & Medicaid Services.

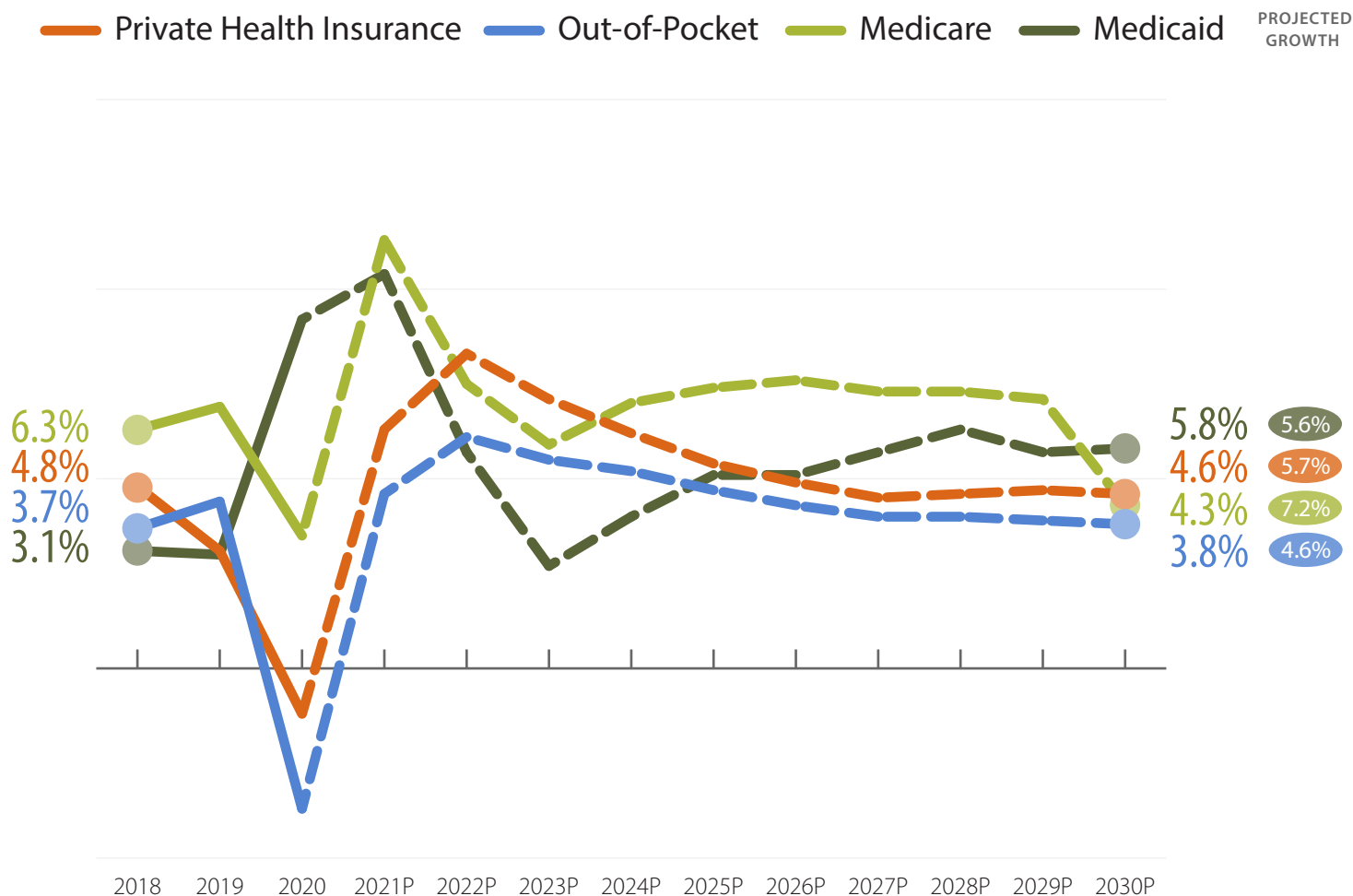
Health Care Costs 101

Growth Trends

Changes in government policy and large economic shifts affect health spending. The decline in 2020 state Medicaid spending occurred as the federal government's share increased. Similarly, the 2014 expansion of Medicaid was largely funded by the federal government.

Annual Growth, by Payer

United States, 2018 to 2020 and 10-Year Projections



Health Care Costs 101

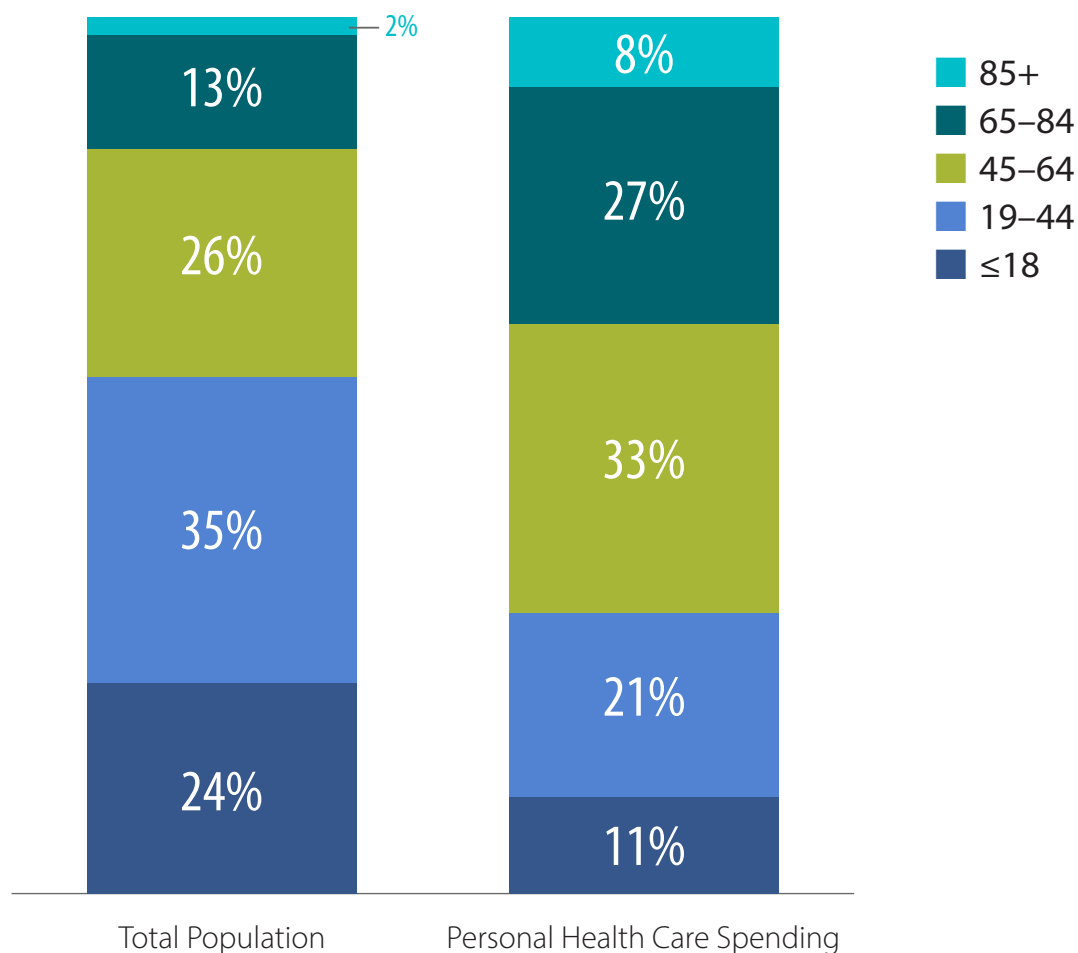
Growth Trends

The spending declines seen in 2020 in out-of-pocket, private health insurance, and Medicare are projected to rebound, as demand is expected to return to levels seen prior to the COVID-19 pandemic. In addition, the last of the baby boomers will age in to Medicare in 2029, leading to moderated growth in 2030.

Notes: Projections shown as P and based on current law as of December 2020. Projected growth percentages are average annual (2021–30).

Sources: National Health Expenditure (NHE) historical data, 1960–2020, Centers for Medicare & Medicaid Services (CMS); and NHE projections (2021–30), CMS.

Population and Personal Health Care Spending Distribution by Age Group, United States, 2014



Health Care Costs 101

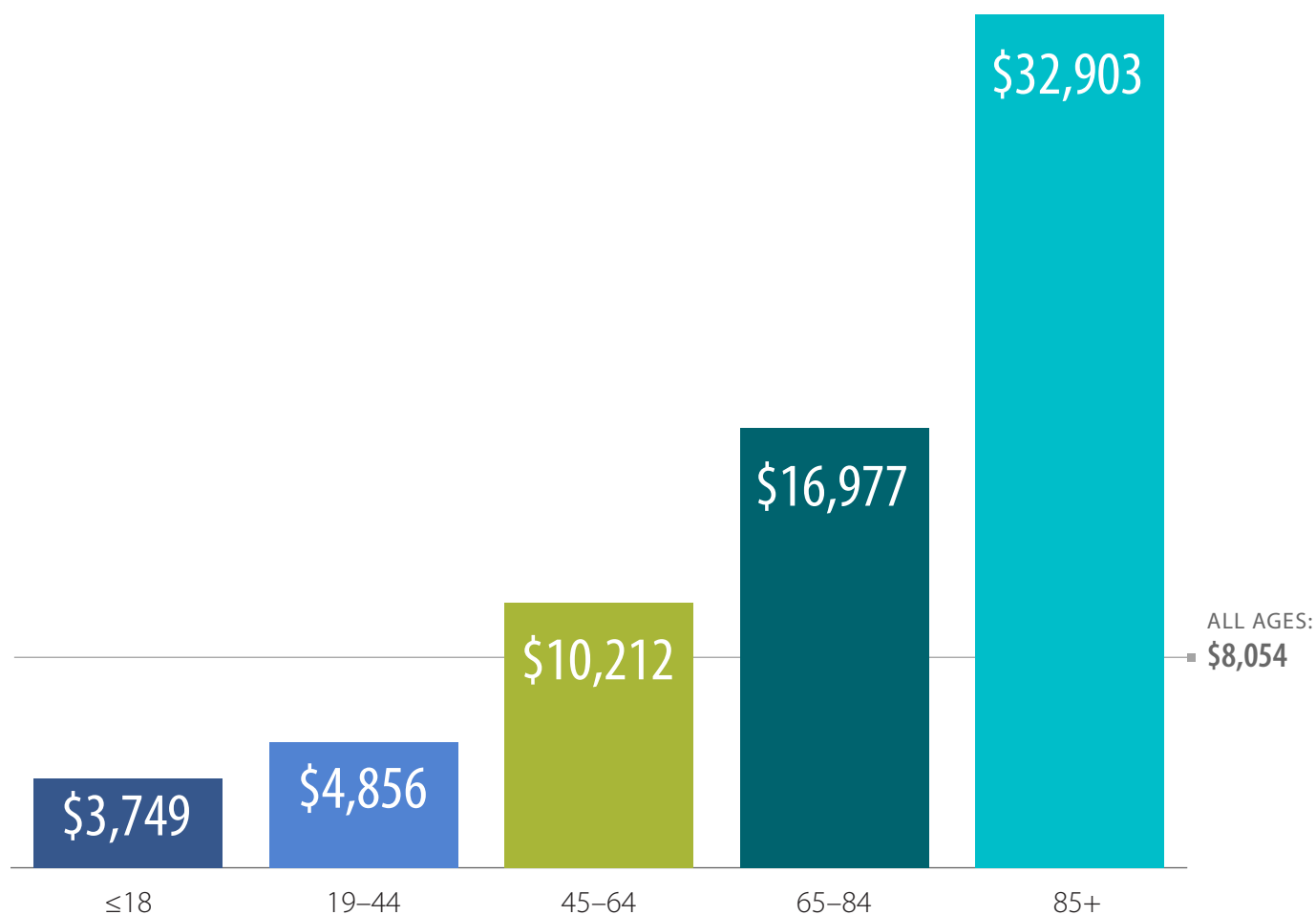
Age and Gender

In 2014, the elderly population, 65 and over, made up nearly 15% of the US population and accounted for 35% of personal health care spending. In contrast, children made up 24% of the population and accounted for 11% of health care 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 details by age group and gender.

Source: "Age and Gender Tables (2002-14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Personal Health Care Spending per Capita by Age Group, United States, 2014



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 \$19,098. See [Appendix B](#) for spending category details by age group and gender.

Source: "Age and Gender Tables (2002-14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

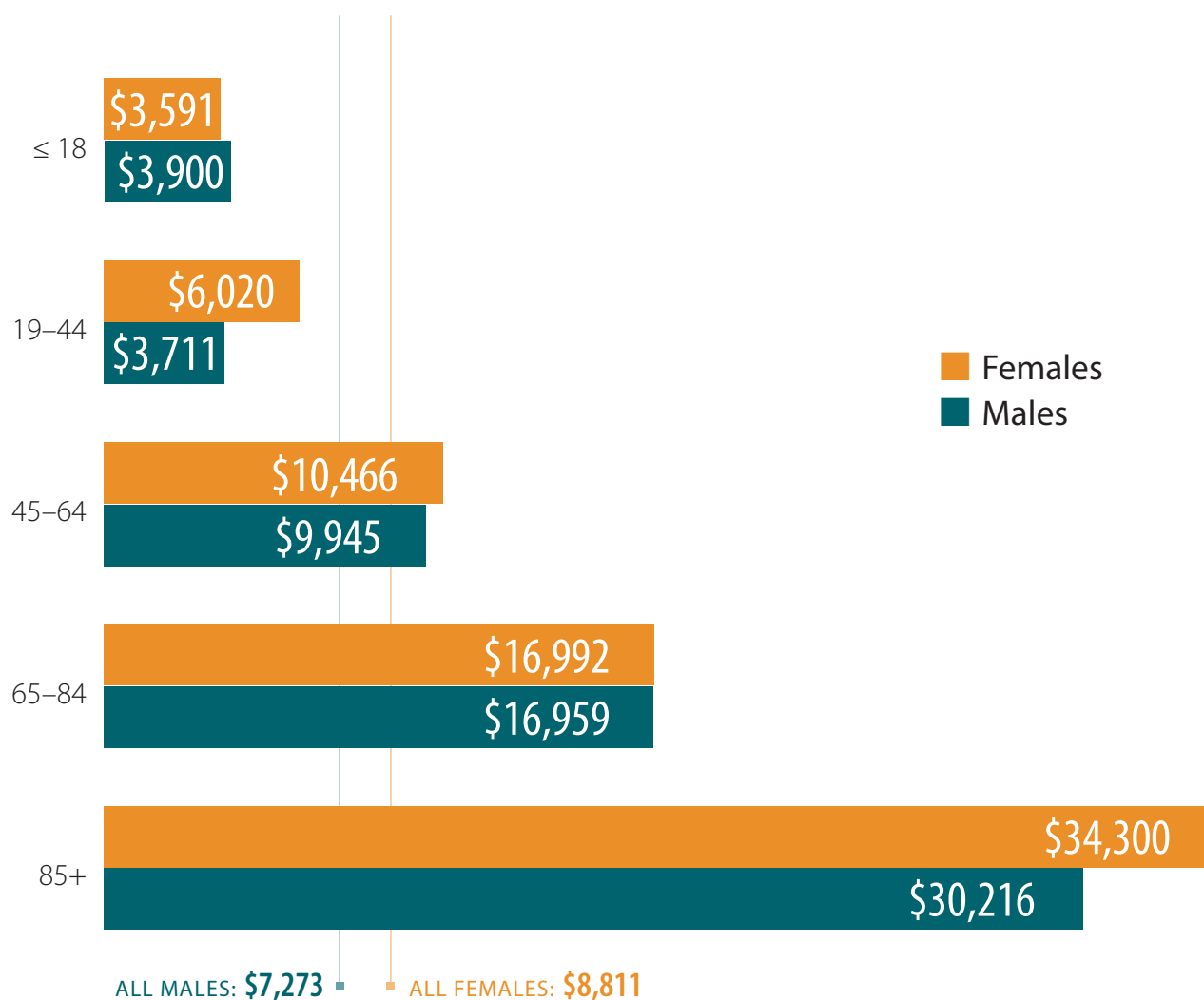
Health Care Costs 101

Age and Gender

Per capita health spending varies by age. In 2014, personal health care spending among young, working-age adults (19 to 44) totaled \$4,856 per person, 30% more than children, but less than half as much as older working adults (45 to 64). Spending on those age 85 and over averaged \$32,903 per person.

Personal Health Care Spending per Capita

by Gender and Age Group, United States, 2014



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 \$19,098 (\$19,700 for females and \$18,331 for males). See [Appendix B](#) for spending category details by age group and gender.

Source: "Age and Gender Tables (2002-14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Health Care Costs 101

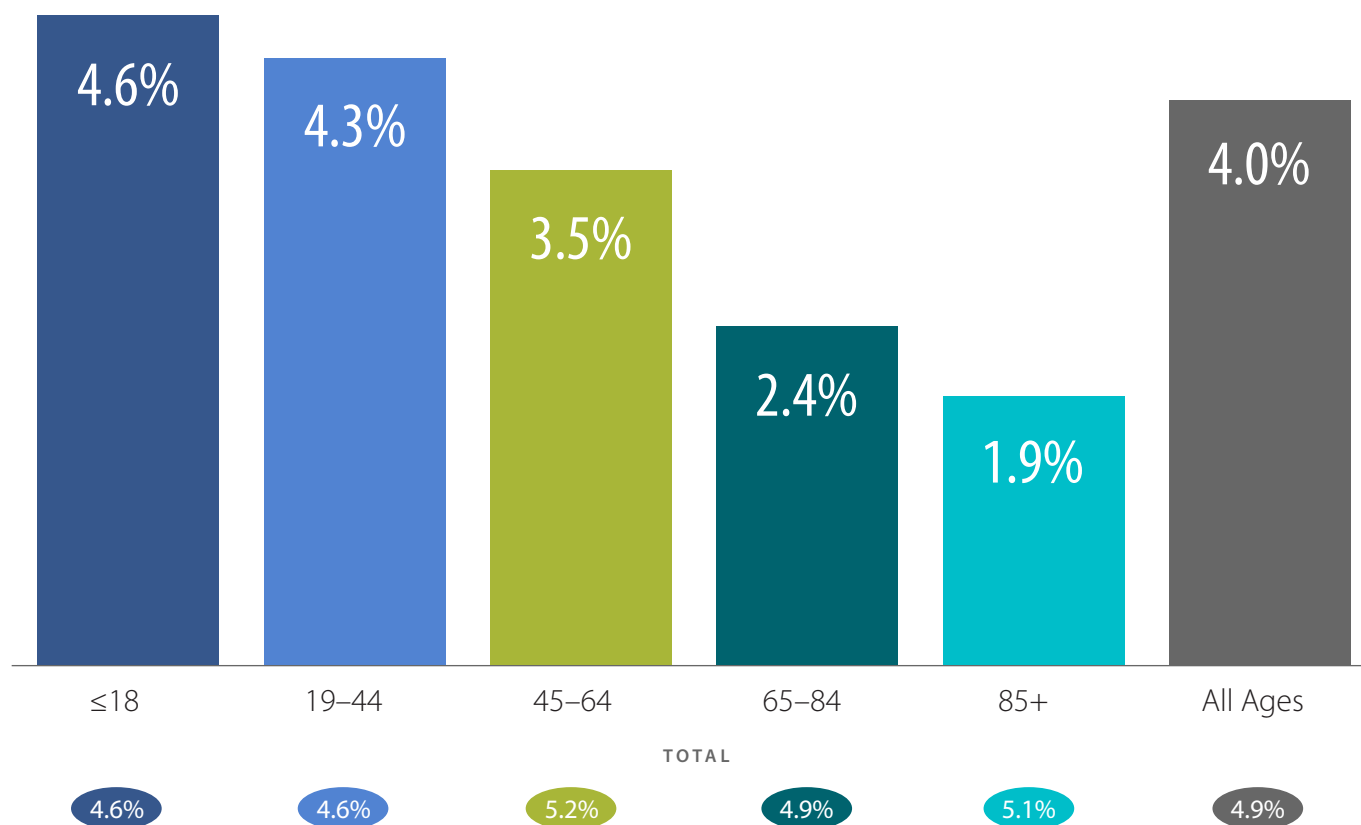
Age and Gender

In 2014, compared to men, women spent more per capita on personal health care. Overall, per capita spending was \$1,538 (or 21%) higher for females than males in 2014. This higher spending is most pronounced in women of childbearing age (19 to 44), due to costs of maternity care, and in older women (85 and older), largely due to spending more on nursing facility care.

Annual Average Growth in Health Care Spending, by Age Group

Per Capita and Total, United States, 2004 to 2014

10-YEAR GROWTH, PER CAPITA



Note: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. The percentages are annual average (2004-14).

Source: "Age and Gender Tables (2002-14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Health Care Costs 101

Age and Gender

Between 2004 and 2014, the elderly had the slowest per capita growth for personal health care spending and children had the fastest. In contrast, the elderly had the fastest growth in total personal health care spending due to the growing elderly population.

Personal Health Care Spending per Capita

by Spending Category and Age Group, United States, 2014

	≤18	19–44	45–64	65–84	85+	ALL AGES
Personal Health Care	\$3,749	\$4,856	\$10,212	\$16,977	\$32,903	\$8,054
Hospital Care	1,546	1,986	4,016	6,162	9,254	3,076
Physician and Clinical Services	921	1,251	2,549	3,657	4,372	1,873
Dental Services	390	225	437	496	382	358
Other Professional Services	120	171	325	578	722	261
Nursing Care Facilities	13	29	267	1,659	9,691	479
Home Health Care	111	90	170	727	3,734	267
Other Health Care	277	436	590	607	1,348	476
Prescription Drugs	283	509	1,442	2,176	2,018	937
Durable Medical Equipment	62	85	178	350	595	147
Other Nondurable Medical Products	27	74	237	566	788	181

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

Source: "Age and Gender Tables (2002–14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Health Care Costs 101

Age and Gender

Spending on health services varied by age. In 2014, spending for the oldest category (85+) was about nine times the spending for children (\$32,903 vs. \$3,749). A third of all spending for those 85 and older was for nursing care facilities. Prescription drug spending for young working-age adults (\$509) was about a third of that for older working-age adults (\$1,442).

Impact of COVID-19 on Health Spending in 2020

The US declaration of a public health emergency on January 31, 2020, marked the beginning of the COVID-19 pandemic. By March 13, the pandemic was upgraded to a national emergency, and in the days following, many states and local governments restricted work and movement. A COVID-19 vaccine was made available on December 14, 2020.

- **National health spending rose 9.7%, or \$365 billion, as the federal government increased spending to address the pandemic.** Excluding federal public health and other federal programs, health spending increased 1.9% in 2020.
- **Paradoxically, use of health services declined, despite the demands COVID-19 placed on the health system.** One in four adults reported delaying or going without medical care due to COVID-19. Declines in utilization were most dramatic in April 2020, when elective care was canceled to free up hospital capacity and other care reduced to maintain social distancing.
- **Telehealth expanded but offset only part of the utilization decline.** Telehealth visits were less than 1% of outpatient visits before the pandemic but 13% in the March to August 2020 period.
- **The federal government supported providers experiencing revenue declines by providing \$175 billion in assistance (\$122 billion under the Provider Relief Fund and \$53 billion in Paycheck Protection Program loans),** 48% of the overall increase in health spending.
- **Public health spending more than doubled,** increasing from \$105 to \$224 billion. The federal government accounted for most of the increase, which included spending for developing vaccines and therapeutics.
- **Federal Medicaid spending increased 18.8%, driven by two factors.** The increase was driven by the increased federal government Medicaid funding to states (raising the federal medical assistance percentage by 6.2 percentage points) and a 5.1% increase in Medicaid enrollment.

Sources: *National Health Expenditures 2020 Highlights* (PDF), Centers for Medicare and Medicaid Services (CMS); *Accounting for Federal COVID Expenditures in the National Health Expenditure Accounts* (PDF), CMS; Cynthia Cox, Krutika Amin, and Rabah Kamal, "How Have Health Spending and Utilization Changed During the Coronavirus Pandemic?" Peterson-KFF Health System Tracker, March 22, 2021; Micah Hartman et al., "National Health Care Spending in 2020: Growth Driven by Federal Spending in Response to the COVID-19 Pandemic," *Health Affairs* 41, no. 1 (Jan. 2022): 13–25; Keanan Lane et al., "Tracking the Pandemic's Effects on Health Outcomes, Costs, and Access to Care," *Health Affairs Forefront*, February 3, 2022; and Justin Lo et al., "Outpatient Telehealth Use Soared Early in the COVID-19 Pandemic But Has Since Receded," Person-KFF Health System Tracker, February 10, 2022.

Health care spending surged in 2020, driven by a massive influx of federal spending aimed at the COVID–19 pandemic — for public health activities, provider assistance, and Medicaid assistance to states.

Looking to 2021 Health Spending and Beyond

- **CMS projects 2021 and 2022 growth in health spending to slow to 4.2% and 4.6%, respectively**, as federal COVID-19 funding, such as provider assistance, declines.
- **Health care use is projected to normalize through 2024**, following the declines experienced in 2020.
- **Medicaid spending is projected to grow by 10.4% in 2021**, driven partly by an 8.2% increase in enrollment. In 2022, Medicaid enrollment is projected to decline (0.9%) and Medicaid spending growth is expected to slow to a rate of 5.7%
- **Long-term consequences of foregone and delayed care, such as delayed childhood vaccinations or missed cancer screenings, could affect future health outcomes and spending.** In 2020, childhood immunization rates were 18% below 2019 levels and mammogram rates were 16% below 2019 levels.
- **Despite the cost of COVID-19 vaccines and treatments, spending on COVID-19 could decline if serious illness is avoided or successfully treated.**
- **Telehealth visits made up a smaller share of outpatient visits in 2021 than in mid-2020.** However, long-term use may depend on patient preferences and on reimbursement policies.

Health Care Costs 101

Impact of COVID-19

Between 2021 and 2030, health spending is projected to slow and utilization projected to return to prepandemic levels. The long-term impact of foregone and delayed care on spending is unknown.

Sources: *National Health Expenditure Projections 2021-2030: Forecast Summary* (PDF), Centers for Medicare and Medicaid; Katie Martin et al., "The Impact of COVID-19 on the Use of Preventive Health Care," Health Care Cost Institute, April 16, 2021; and John A. Poisal et al., "National Health Expenditure Projections, 2021-30: Growth to Moderate as COVID-19 Impacts Wane," *Health Affairs* 41, no. 4 (Apr. 2022): 474–86.

Data Resources

National Health Expenditures

OVERVIEW

- [National Health Expenditure Data](#)
- [Quick Definitions for National Health Expenditure Accounts \(NHEA\) Categories \(PDF\)](#)

HISTORICAL

- [Data and Resources](#)
- Micah Hartman et al., "National Health Care Spending in 2020: Growth Driven by Federal Spending in Response to the COVID-19 Pandemic," *Health Affairs* 41, no. 1 (Jan. 2022): 13–25.

PROJECTIONS

- [Data and Resources](#)
- John A. Poisal et al., "National Health Expenditure Projections, 2021–30: Growth to Moderate as COVID-19 Impacts Wane," *Health Affairs* 41, no. 4 (April 2022): 474–486.

AGE AND GENDER

- [Data and Resources](#)

Disease-Based Health Care Spending

US Bureau of Economic Analysis

- [Data and Resources](#)
- Abe Dunn et al., "Introducing the New Health Care Satellite Account," January 2015. (PDF)

Economic Data

- [The Budget and Economic Outlook: 2021 to 2031](#). Congressional Budget Office, February 11, 2021.
- [Consumer Price Index](#). US Bureau of Labor Statistics
- ["Gross Domestic Product."](#) US Bureau of Economic Analysis.
- ["OECD Health Statistics 2021, Frequently Requested Data."](#) Organisation for Economic Co-operation and Development. last updated July 11, 2022.

COVID-19

- [Accounting for Federal COVID Expenditures in the National Health Expenditure Accounts \(PDF\)](#), CMS.
- Cynthia Cox et al., "How Have Health Spending and Utilization Changed During the Coronavirus Pandemic?," Peterson-KFF Health System Tracker, March 22, 2021.
- Keanan Lane et al., "Tracking the Pandemic's Effects on Health Outcomes, Costs, and Access to Care," *Health Affairs Forefront*, February 3, 2022.
- Justin Lo et al., "Outpatient Telehealth Use Soared Early in the COVID-19 Pandemic But Has Since Receded," Peterson-KFF Health System Tracker, February 10, 2022.

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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Appendix A: Health Spending, by Category, United States, 2000 to 2020, Selected Years

	SPENDING (IN BILLIONS)				DISTRIBUTION				GROWTH/DECLINE *			
	2000	2010	2019	2020	2000	2010	2019	2020	2000–2020	2010–2020	2019	2020
National Health Expenditures	\$1,365.7	\$2,589.4	\$3,759.1	\$4,124.0	100%	100%	100%	100%	5.7%	4.8%	4.3%	9.7%
Health Consumption Expenditures	\$1,280.0	\$2,437.3	\$3,564.2	\$3,931.3	94%	94%	95%	95%	5.8%	4.9%	4.3%	10.3%
▶ Personal Health Care	1,157.0	2,181.3	3,175.2	3,357.8	85%	84%	84%	81%	5.5%	4.4%	5.1%	5.8%
▶ Hospital Care	415.5	808.8	1,193.7	1,270.1	30%	31%	32%	31%	5.7%	4.6%	6.3%	6.4%
▶ Professional Services	387.0	688.1	1,022.4	1,069.3	28%	27%	27%	26%	5.2%	4.5%	4.4%	4.6%
▶ Physician and Clinical Services	288.2	512.4	767.9	809.5	21%	20%	20%	20%	5.3%	4.7%	4.2%	5.4%
▶ Dental Services	62.1	105.9	143.2	142.4	5%	4%	4%	3%	4.2%	3.0%	4.2%	-0.6%
▶ Other Professional Services	36.6	69.9	111.3	117.4	3%	3%	3%	3%	6.0%	5.3%	6.5%	5.6%
▶ Nursing Care Facilities	85.0	140.5	174.2	196.8	6%	5%	5%	5%	4.3%	3.4%	3.9%	13.0%
▶ Home Health Care	32.3	70.5	113.0	123.7	2%	3%	3%	3%	6.9%	5.8%	7.0%	9.5%
▶ Other Health Care	64.0	128.2	195.7	208.8	5%	5%	5%	5%	6.1%	5.0%	2.4%	6.7%
▶ Retail Outlet Sales	173.2	345.2	476.3	489.1	13%	13%	13%	12%	5.3%	3.5%	4.4%	2.7%
▶ Prescription Drugs	122.0	253.4	338.1	348.4	9%	10%	9%	8%	5.4%	3.2%	4.3%	3.0%
▶ Durable Medical Equipment	26.0	40.0	57.0	54.9	2%	2%	2%	1%	3.8%	3.2%	4.9%	-3.7%
▶ Other Nondurable Medical Products	25.2	51.8	81.1	85.7	2%	2%	2%	2%	6.3%	5.2%	4.7%	5.7%
▶ Administration	80.0	180.3	284.0	349.8	6%	7%	8%	8%	7.7%	6.9%	-3.5%	23.2%
▶ Net Cost of Health Insurance	62.9	150.1	236.6	301.4	5%	6%	6%	7%	8.2%	7.2%	-4.6%	27.4%
▶ Government Administration	17.1	30.2	47.4	48.4	1%	1%	1%	1%	5.3%	4.8%	2.3%	2.1%
▶ Public Health Activities	43.1	75.7	105.0	223.7	3%	3%	3%	5%	8.6%	11.4%	5.3%	113.1%
Investment	\$85.7	\$152.1	\$194.9	\$192.7	6%	6%	5%	5%	4.1%	2.4%	3.4%	-1.2%
▶ Noncommercial Research	25.5	49.1	56.2	60.2	2%	2%	1%	1%	4.4%	2.0%	4.9%	7.0%
▶ Structures and Equipment	60.2	103.0	138.7	132.5	4%	4%	4%	3%	4.0%	2.6%	2.7%	-4.5%

* Growth rates for the 2000–20 and 2010–20 periods are average annual; 2019 and 2020 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.

Source: [National Health Expenditure Data: Historical](#), Centers for Medicare & Medicaid Services (CMS).

Appendix B: Personal Health Care Spending, by Gender, Age, and Spending Category, 2014

	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	\$3,591	\$6,020	\$10,466	\$16,992	\$34,300	\$8,811	\$3,900	\$3,711	\$9,945	\$16,959	\$30,216	\$7,273	\$3,749	\$4,856	\$10,212	\$16,977	\$32,903	\$8,054
Hospital Care	1,486	2,588	3,884	5,763	9,025	3,261	1,603	1,394	4,155	6,641	9,694	2,885	1,546	1,986	4,016	6,162	9,254	3,076
Physician and Clinical Services	878	1,644	2,827	3,582	3,998	2,097	962	863	2,258	3,747	5,093	1,642	921	1,251	2,549	3,657	4,372	1,873
Dental Services	432	268	470	499	363	393	350	183	403	493	417	321	390	225	437	496	382	358
Other Professional Services	115	214	382	627	725	304	124	129	265	519	716	217	120	171	325	578	722	261
Nursing Care Facilities	11	27	243	1,859	11,191	607	15	31	293	1,419	6,806	347	13	29	267	1,659	9,691	479
Home Health Care	103	103	184	821	4,117	322	119	76	155	614	2,996	209	111	90	170	727	3,734	267
Other Health Care	238	390	541	680	1,405	458	314	481	642	520	1,238	495	277	436	590	607	1,348	476
Prescription Drugs	240	600	1,484	2,212	2,050	1,003	325	419	1,397	2,132	1,955	869	283	509	1,442	2,176	2,018	937
Durable Medical Equipment	64	99	205	347	559	164	59	71	150	352	663	129	62	85	178	350	595	147
Other Nondurable Medical Products	24	87	247	603	867	203	29	62	227	521	637	158	27	74	237	566	788	181
10-YEAR GROWTH	4.5%	4.1%	3.2%	2.4%	1.8%	3.8%	4.6%	4.5%	3.9%	2.4%	2.2%	4.4%	4.6%	4.3%	3.5%	2.4%	1.9%	4.0%
Hospital Care	5.3%	5.6%	4.8%	2.0%	1.6%	4.6%	5.3%	6.2%	5.0%	1.8%	1.8%	5.0%	5.3%	5.8%	4.9%	1.9%	1.7%	4.8%
Physician and Clinical Services	4.1%	3.5%	2.3%	2.4%	4.4%	3.3%	4.2%	3.8%	2.7%	2.0%	4.0%	3.7%	4.2%	3.6%	2.5%	2.2%	4.4%	3.5%
Dental Services	3.1%	0.9%	1.6%	4.3%	5.1%	2.4%	2.5%	0.8%	2.6%	3.4%	4.4%	2.5%	2.8%	0.9%	2.0%	3.9%	5.0%	2.5%
Other Professional Services	5.6%	3.4%	2.4%	4.2%	4.1%	4.0%	5.4%	3.4%	3.6%	4.5%	4.3%	4.8%	5.5%	3.4%	2.9%	4.3%	4.1%	4.3%
Nursing Care Facilities	4.6%	2.1%	4.1%	1.3%	-0.2%	2.3%	5.2%	1.0%	4.6%	2.2%	0.4%	4.2%	5.0%	1.5%	4.4%	1.6%	-0.2%	2.9%
Home Health Care	8.2%	7.5%	3.1%	2.7%	5.5%	5.5%	8.0%	6.4%	4.0%	3.4%	4.8%	6.1%	8.1%	7.2%	3.5%	2.9%	5.2%	5.7%
Other Health Care	4.1%	3.7%	4.3%	5.1%	5.6%	4.6%	5.1%	4.1%	4.3%	3.9%	1.8%	4.5%	4.6%	3.9%	4.3%	4.6%	4.4%	4.6%
Prescription Drugs	3.1%	2.4%	1.8%	3.3%	1.4%	3.0%	3.5%	3.5%	3.3%	4.4%	2.7%	4.4%	3.3%	2.9%	2.4%	3.8%	1.8%	3.6%
Durable Medical Equipment	5.6%	3.2%	2.7%	1.6%	0.4%	3.1%	6.3%	4.2%	2.6%	2.4%	1.8%	4.1%	6.2%	3.5%	2.7%	2.0%	1.0%	3.5%
Other Nondurable Medical Products	2.9%	2.8%	2.5%	1.9%	1.8%	3.0%	2.3%	3.3%	3.1%	2.2%	2.1%	3.8%	3.0%	2.8%	2.7%	2.0%	1.8%	3.4%

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

Source: "Age and Gender Tables (2002–14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Appendix B: Personal Health Care Spending, by Gender, Age, and Spending Category, 2014, *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)	\$136.4	\$331.2	\$446.6	\$370.3	\$138.7	\$1,423.2	\$154.8	\$207.5	\$404.0	\$308.6	\$63.5	\$1,138.3	\$291.2	\$538.7	\$850.6	\$678.9	\$202.2	\$2,561.5
Hospital Care	56.44	142.36	165.74	125.58	36.49	526.61	63.60	77.98	168.77	120.85	20.37	451.56	120.04	220.33	334.51	246.44	56.86	978.17
Physician and Clinical Services	33.37	90.46	120.61	78.07	16.16	338.67	38.16	48.26	91.73	68.19	10.70	257.05	71.53	138.73	212.34	146.26	26.86	595.72
Dental Services	16.40	14.73	20.04	10.87	1.47	63.51	13.87	10.24	16.35	8.96	0.88	50.30	30.27	24.97	36.39	19.84	2.35	113.81
Other Professional Services	4.39	11.78	16.31	13.65	2.93	49.06	4.93	7.24	10.78	9.45	1.50	33.90	9.32	19.02	27.08	23.10	4.44	82.96
Nursing Care Facilities	0.43	1.50	10.35	40.50	45.24	98.03	0.61	1.74	11.89	25.82	14.30	54.37	1.04	3.25	22.24	66.33	59.54	152.40
Home Health Care	3.92	5.68	7.87	17.90	16.65	52.01	4.73	4.25	6.30	11.17	6.30	32.74	8.64	9.93	14.17	29.07	22.94	84.76
Prescription Drugs	9.10	32.99	63.33	48.21	8.29	161.92	12.91	23.46	56.75	38.81	4.11	136.03	22.01	56.45	120.08	87.02	12.40	297.95
Durable Medical Equipment	2.43	5.45	8.74	7.57	2.26	26.45	2.35	3.97	6.10	6.41	1.39	20.23	4.78	9.42	14.84	13.98	3.66	46.68
Other Health Care	9.03	21.44	23.08	14.81	5.68	74.05	12.45	26.90	26.08	9.46	2.60	77.49	21.48	48.34	49.17	24.27	8.28	151.54
Other Nondurable Medical Products	0.92	4.77	10.53	13.13	3.51	32.85	1.16	3.47	9.22	9.49	1.34	24.67	2.07	8.24	19.75	22.62	4.84	57.52
10-YEAR GROWTH	4.6%	4.5%	4.9%	4.6%	4.4%	4.6%	4.6%	4.7%	5.5%	5.3%	6.7%	5.2%	4.6%	4.6%	5.2%	4.9%	5.1%	4.9%
Hospital Care	5.4%	6.0%	6.5%	4.1%	4.3%	5.5%	5.3%	6.5%	6.6%	4.7%	6.3%	5.8%	5.3%	6.1%	6.6%	4.4%	4.9%	5.6%
Physician and Clinical Services	4.1%	3.8%	4.0%	4.6%	7.1%	4.2%	4.2%	4.1%	4.3%	4.8%	8.6%	4.5%	4.2%	3.9%	4.1%	4.7%	7.7%	4.3%
Dental Services	3.1%	1.2%	3.3%	6.5%	7.8%	3.3%	2.5%	1.1%	4.2%	6.3%	9.0%	3.4%	2.8%	1.2%	3.7%	6.4%	8.3%	3.3%
Other Professional Services	5.6%	3.8%	4.1%	6.3%	6.8%	4.8%	5.4%	3.7%	5.2%	7.5%	8.9%	5.6%	5.5%	3.7%	4.5%	6.8%	7.4%	5.1%
Nursing Care Facilities	5.6%	2.6%	5.8%	3.4%	2.4%	3.1%	5.1%	1.2%	6.3%	5.0%	4.9%	5.1%	5.3%	1.8%	6.0%	4.0%	2.9%	3.8%
Home Health Care	8.3%	7.8%	4.9%	4.9%	8.3%	6.4%	8.1%	6.7%	5.6%	6.3%	9.5%	7.0%	8.2%	7.3%	5.2%	5.4%	8.6%	6.6%
Prescription Drugs	3.1%	2.7%	3.4%	5.5%	4.1%	3.8%	3.5%	3.8%	4.9%	7.3%	7.2%	5.2%	3.3%	3.1%	4.1%	6.3%	5.0%	4.4%
Durable Medical Equipment	5.5%	3.5%	4.4%	3.7%	3.0%	4.0%	6.5%	4.4%	4.2%	5.3%	6.4%	5.0%	6.0%	3.9%	4.3%	4.4%	4.1%	4.4%
Other Health Care	4.1%	4.1%	6.0%	7.3%	8.3%	5.5%	5.1%	4.4%	5.9%	6.8%	6.3%	5.3%	4.7%	4.2%	5.9%	7.1%	7.7%	5.4%
Other Nondurable Medical Products	3.1%	3.0%	4.2%	4.0%	4.4%	3.9%	2.5%	3.5%	4.6%	5.0%	6.6%	4.6%	2.7%	3.2%	4.4%	4.4%	5.0%	4.2%

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

Source: "Age and Gender Tables (2002–14)," National Health Expenditure Data: Age and Gender, Centers for Medicare & Medicaid Services.

Appendix C: Health Spending, by Medical Condition, United States, 2017 to 2019

	SPENDING (IN BILLIONS)			DISTRIBUTION			GROWTH	
	2017	2018	2019	2017	2018	2019	2018	2019
All Diseases/Conditions	\$2,345.8	\$2,452.4	\$2,587.2	100%	100%	100%	4.5%	5.5%
Routine Care, Signs and Symptoms	338.2	350.5	365.9	14%	14%	14%	3.6%	4.4%
Circulatory Diseases	260.5	272.8	291.4	11%	11%	11%	4.7%	6.8%
Musculoskeletal Diseases	236.1	244.1	252.7	10%	10%	10%	3.4%	3.5%
Nervous System Diseases	187.0	196.3	207.3	8%	8%	8%	5.0%	5.6%
Respiratory Diseases	180.7	185.8	192.8	8%	8%	7%	2.8%	3.8%
Endocrine System Diseases	160.8	170.4	182.3	7%	7%	7%	6.0%	7.0%
Neoplasms	145.4	155.9	169.6	6%	6%	7%	7.2%	8.8%
Injury and Poisoning	139.4	143.1	151.2	6%	6%	6%	2.7%	5.6%
Infectious Diseases	126.4	135.3	143.0	5%	6%	6%	7.0%	5.7%
Digestive Diseases	126.5	132.7	138.9	5%	5%	5%	4.9%	4.7%
Mental Illness	114.5	122.0	134.6	5%	5%	5%	6.6%	10.3%
Genitourinary Diseases	121.0	126.3	132.3	5%	5%	5%	4.4%	4.8%
Other	95.1	98.1	103.3	4%	4%	4%	3.2%	5.3%
Skin Conditions	61.8	64.4	68.0	3%	3%	3%	4.3%	5.5%
Pregnancy	52.5	54.8	54.1	2%	2%	2%	4.4%	-1.3%

Notes: Spending on medical conditions (shown) accounted for 84% of the \$3.1 trillion in 2019 health care spending under the health care satellite accounts. Spending on medical services by provider, such as dental services and nursing homes, and medical products, appliances, and equipment, are not shown. *Growth* is from the previous year. Figures may not sum due to rounding.

Source: *Blended Account*, 2000–2019, Bureau of Economic Analysis, January 18, 2022.