


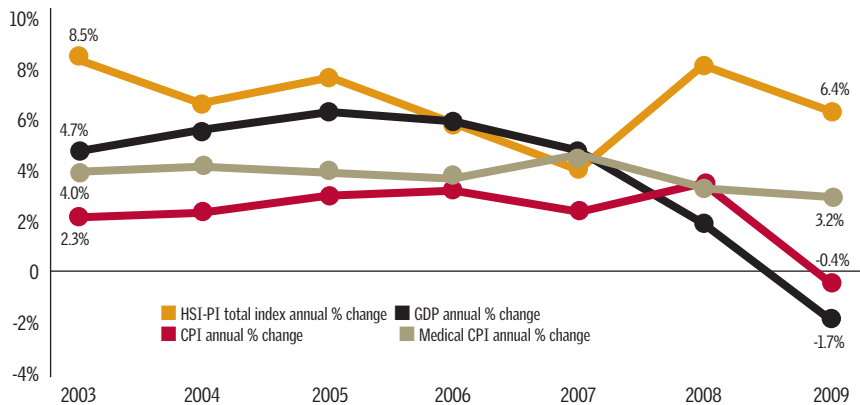
FACTFILE

Healthcare Spending

Healthcare spending for those with private insurance has experienced historically high increases over the past several years. The levels have outpaced other economic measures, such as the Consumer Price Index. Operating margin for hospitals has fluctuated, generally within the 2% to 4% range. Still, about four in 10 hospitals reported negative total margins in 2010 Q2. 

ABOVE THE REST

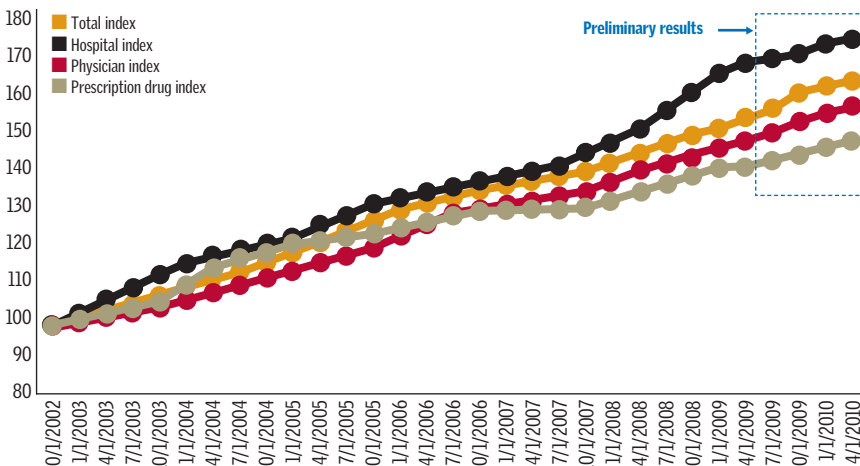
This chart relates annual rates of change in the Thomson Reuters Healthcare Spending Index for Private Insurance (HSI-PI) to the overall and medical consumer price indexes, as well as estimated percent change in U.S. GDP. Generally, the HSI-PI rate of inflation has been greater than the annual change in either the CPI measure or GDP growth. (Note that the HSI-PI captures changes in unit prices and services utilized, while the price indexes measure price changes for a fixed set of services and goods.) In particular, the gap between healthcare spending inflation, as measured by the HSI-PI and economic growth/inflation, is most noticeable in 2009, when the full effect of the recession was felt.



SOURCE: Thomson Reuters.

UNENDING INCREASES

Hospital per capita spending has increased most rapidly since 2002 (when the HSI-PI benchmark index value was set at 100), rising to an index value of 174 in 2010 Q2 (an annualized rate of increase of 7.7%). In 2004, increases in prescription drug spending almost matched those for hospital care but have slowed steadily since then, resulting in a value of 147 in 2010 Q2, the smallest of the components being tracked with an annualized rate of increase of 5.3%. The long-term increase in per capita spending on physician care was near that for total spending, with an index value of 157 in 2010 Q2, or an annualized increase of 6.2%. Overall, the total index value stood at 162 in 2010 Q2.



SOURCE: Thomson Reuters.

Medicaid Spending by State

A significant share of healthcare costs is represented in Medicaid spending, with state and federal funds combined to serve low-income residents. This 2008 data shows that about \$311 billion was spent nationwide, with roughly \$172 billion in federal funding.

	Federal funds (millions)	Total funds (millions)
United States	\$172,290	\$310,885
1. District of Columbia	NA	NA
2. Wyoming	\$257	\$504
3. North Dakota	\$352	\$543
4. South Dakota	\$440	\$701
5. Montana	\$531	\$753
6. Delaware	\$497	\$991
7. Vermont	\$595	\$1,003
8. Alaska	\$612	\$1,031
9. Nevada	\$684	\$1,139
10. Hawaii	\$740	\$1,245
11. New Hampshire	\$615	\$1,250
12. Idaho	\$848	\$1,301
13. Nebraska	\$890	\$1,544
14. Utah	\$1,123	\$1,695
15. Rhode Island	\$933	\$1,837
16. Maine	\$1,319	\$2,091
17. West Virginia	\$1,633	\$2,261
18. Kansas	\$1,395	\$2,372
19. Colorado	\$1,398	\$2,786
20. Iowa	\$1,641	\$2,892
21. New Mexico	\$2,199	\$3,070
22. Oregon	\$1,902	\$3,097
23. Arkansas	\$2,494	\$3,431
24. Mississippi	\$2,629	\$3,493
25. Oklahoma	\$2,419	\$3,719
26. Connecticut	\$0	\$4,265
27. South Carolina	\$3,006	\$4,383
28. Alabama	\$2,899	\$4,400
29. Wisconsin	\$2,986	\$4,877
30. Kentucky	\$3,362	\$4,905
31. Indiana	\$3,335	\$5,252
32. Virginia	\$2,587	\$5,343
33. Maryland	\$2,821	\$5,618
34. Arizona	\$3,815	\$5,646
35. Louisiana	\$4,278	\$5,780
36. Washington	\$3,219	\$6,223
37. Minnesota	\$3,252	\$6,440
38. Georgia	\$4,448	\$7,211
39. Missouri	\$4,288	\$7,311
40. Tennessee	\$4,675	\$7,497
41. Massachusetts	\$0	\$8,247
42. New Jersey	\$4,640	\$9,508
43. Michigan	\$5,680	\$9,750
44. North Carolina	\$6,395	\$10,994
45. Ohio	\$2,480	\$13,164
46. Texas	\$7,813	\$13,460
47. Illinois	\$6,496	\$13,824
48. Florida	\$8,114	\$14,922
49. Pennsylvania	\$9,596	\$17,785
50. New York	\$19,102	\$31,040
51. California	\$24,857	\$38,291

SOURCE: The Kaiser Family Foundation, www.statehealthfacts.org; Table 28, *Medicaid Expenditures, 2008 State Expenditure Report*, National Association of State Budget Officers, 2009. Available at www.nasbo.org/Publications/StateExpenditureReport/tabid/79/Default.aspx.

Upcoming Topic:
 > Hospital-Based Care

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COMPONENT FLUCTUATION

Annual changes in the HSI-PI can be used to estimate per capita healthcare spending inflation. There have been marked fluctuations in year-over-year spending. Per capita spending inflation for prescription drugs was quite dramatic early in the decade, topping 10% in October 2004. Since then, the rate of increase has fallen, with the result that prescription drug annual spending inflation is now the lowest of the components in 2010 Q2 at 3.4%. In contrast, hospital per capita spending has increased at the most rapid rate since mid-2007, with an annual inflation rate of 8.2% in 2010 Q2. Overall, the HSI-PI estimates the per capita healthcare spending for those covered by private insurance was increasing at a rate of 6.3% annually in 2010 Q2.

