A review of trends in health care spending, utilization, and price among Americans with employer-sponsored insurance
Today’s Speakers:

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If you only remember 3 things we say today….

- Health care spending is continuing to grow
- Rising prices are driving growth overall
- Variation across service categories and sub-groups provide insight into areas to focus reform efforts
In 2017, per-person spending reached a new all-time high of $5,641. This total includes amounts paid for medical and pharmacy claims (including discounts but excluding rebates).

Spending per-person grew at a rate above 4% for the second year in a row, rising 4.2% from 2016 to 2017 - slower than the 2015 to 2016 rate of 4.9%.

The overall use of health care changed very little over the 2013 to 2017 period, declining 0.2%. In 2017, utilization grew 0.5% compared to 2016.

Prices increased 3.6% in 2017. Year-over-year price growth decelerated throughout the five-year period, rising 4.8% between 2013 and 2014 and slowing to 3.6% in 2016 and 2017.

Out-of-pocket spending per-person increased 2.6% in 2017. The growth was slower than the rise in total spending, so out-of-pocket costs comprised a smaller share of spending by 2017.
Per-person spending reached new all-time high

Spending per Person in 2017

- Total: $5,641
  - Professional Services: $1,898 (33.6%)
  - Inpatient: $1,097 (19.5%)
  - Outpatient: $1,580 (28.0%)
  - Prescription Drugs: $1,065 (18.9%)

Note: Prescription drug spending is amount paid on pharmacy claim, which reflects discounts from wholesale price, but not manufacturer rebates paid in separate transactions.

Annual Spending per-person

- 2013: $4,834
- 2014: $4,974
- 2015: $5,162
- 2016: $5,416
- 2017: $5,641
Increasing prices drive health care spending growth

Cumulative Change in Spending per-person, Utilization, and Average Price since 2013

Note: Except for prescription drugs, utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these three categories. Additionally, prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates paid in separate transactions.
Use and price trends vary across service categories

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Spending levels and growth vary by population sub-groups

**2017 Spending per person by Age**

- **Ages 0-18**: $3,170
- **Ages 19-25**: $3,254
- **Ages 26-44**: $4,871
- **Ages 45-54**: $7,282
- **Ages 55-64**: $10,476

Growth since 2013:
- **19.9%**
- **19.2%**
- **14.3%**
- **16.5%**
- **15.5%

All Ages: $5,641

**2017 Spending per person by Number of Chronic Conditions**

- **None**: $3,603
- **One**: $8,921
- **Two or More**: $20,257
Out-of-pocket spending increased steadily, but slower than total spending.
There's more to it than just the average
Inpatient spending increased despite declines in admissions

Cumulative Change in Inpatient Spending per Person, Utilization, and Average Price since 2013

Note: Utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these categories.
Spending and average price grew for more expensive outpatient services – Surgery and ER

Cumulative Change in Outpatient Spending per Person, Utilization, and Average Price since 2013

Note: Utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these categories.
Professional services spending increased while overall utilization remained constant from 2013 to 2017.

Note: Utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these categories.
Overall prescription point-of-sale price growth slowed in 2017, but trends differed substantially across subcategories.

Cumulative Change in Prescription Drug Spending per Person, Utilization, and Average Point-of-Sale Price since 2013

Note: Prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates paid in separate transactions.
Research Resources and State Level Interactive Tool

Data
  HCCI ER machine readable data
- MS Spending – Specialty Drugs
  HCCI MS formatted excel tables
- HCCI MS machine readable data
- Share of ESI with Annual Spending over Threshold Amounts by Age and Gender
  HCCI spending threshold machine readable data
  Health Care Cost and Utilization Report 2016 Appendix Tables
  Health Care Cost and Utilization Report 2016 machine readable data

Crosswalks
- HCCI Inpatient Service Categories – DRG and MDC
  HCCUR 2016 Appendix Section 4.1 and 4.2 Methodology
- HCCI Outpatient Service Categories – CPT Procedure Codes
  HCCUR 2016 Appendix Section 4.3 Methodology
- HCCI Professional Service Categories – CPT Procedure Codes
  HCCUR 2016 Appendix Section 4.4 Methodology
- HCCI Prescription Drug Categories – AHFS Drug Classification
  HCCUR 2016 Appendix Section 4.5 Methodology

https://healthcostinstitute.org/research/research-resources
People are spending more because prices are rising, but what are those higher costs buying us?
Questions?

Find the report and resources at:
healthcostinstitute.org/research/annual-reports

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