

II. EXPENDITURES

Information about proposed, current and past spending for health care by Medicare, Medicaid, CMS, the Department and the nation as a whole.

Health care spending is shown for CMS programs and national aggregates over time. Data are shown by type of service, source of funds and broad beneficiary eligibility categories.

HIGHLIGHTS

- o Medicare spending between fee-for-service (FFS) and managed care is expected to decrease between 2002 and 2004, with managed care's share of total benefit payments accounting for 13.4 percent in 2002, decreasing to 12.9 percent in 2004.*
- o Medicare FFS benefit payments for inpatient hospital care are projected to increase 7.6 percent from fiscal year 2002 to 2003. During the same period of time, FFS physician and supplier payments under Medicare are expected to increase 9.0 percent.*
- o Spending for FFS inpatient hospital services as a share of total Medicare spending decreased from 64.9 percent in 1983 to a projected 40.5 percent in 2003.*
- o The financing for home health care shifted dramatically from Part A to Part B because of the Balanced Budget Act of 1997. The benefit increased modestly under both programs in 2003, reaching \$5.0 billion and \$5.2 billion, respectively.*
- o Total Medicaid payments increased by 73 percent from 1985 to 1990 and by another 159.5 percent from 1990 to 2000 to reach \$168.3 billion in 2000.*

Medical care price indexes continue to increase at a faster rate than the "All Item" Consumer Price Index.

- o In recent years, changes in the CPI for all items have lagged considerably behind inpatient, outpatient, and physician services.*
- o In 2002, the CPI for all items increased by 1.5 percent, a drop from 3.2 percent in the previous year. The percent increases for inpatient, outpatient, and physician services, and prescription drugs in 2002 were 7.9, 8.7, 2.9 and 5.6, respectively, compared to 6.2, 6.8, 3.7 and 4.8 in 2001.*
- o Public funding for NHE has grown significantly from 24.9 percent in 1965 to 45.4 percent in 2002.*
- o Likewise, private funding for NHE declined from 75.1 percent in 1965 to 54.6 percent in 2002.*