

**Table 1**  
**Personal Health Care Expenditures, by Source of Funds: Selected Calendar Years 1960-2004**

Year	Total PHCE <sup>1</sup>		Direct Patient		Third Parties					
			Payments		All Third Parties		Private			
	Amount	Percent of GDP	Amount	Percent of PHCE	Amount	Percent of PHCE	Amount	Percent of PHCE	Health Insurance	Other Private Funds
	Amount in Billions									
1960	\$23.3	4.4	\$12.9	55.2	\$10.4	44.8	\$5.5	23.4	\$5.0	\$0.5
1970	62.9	6.1	24.9	39.6	38.0	60.4	15.8	25.1	14.1	1.7
1980	215.3	7.7	58.6	27.2	156.7	72.8	70.5	32.7	61.2	9.3
1985	372.3	8.8	95.7	25.7	276.6	74.3	130.7	35.1	111.8	18.9
1990	607.5	10.5	136.1	22.4	471.4	77.6	235.1	38.7	204.6	30.5
1991	669.2	11.2	140.1	20.9	529.1	79.1	258.2	38.6	225.1	33.1
1992	725.9	11.5	143.3	19.7	582.6	80.3	279.3	38.5	243.6	35.8
1993	773.6	11.6	145.3	18.8	628.4	81.2	297.2	38.4	258.8	38.4
1994	814.4	11.5	143.0	17.6	671.4	82.4	310.8	38.2	270.7	40.1
1995	863.7	11.7	146.4	16.9	717.4	83.1	332.5	38.5	288.2	44.3
1996	910.3	11.6	151.9	16.7	758.4	83.3	348.9	38.3	301.6	47.3
1997	959.8	11.6	162.4	16.9	797.4	83.1	371.3	38.7	319.7	51.6
1998	1,010.5	11.6	175.2	17.3	835.3	82.7	399.9	39.6	344.6	55.3
1999	1,068.3	11.5	183.9	17.2	884.5	82.8	429.2	40.2	371.8	57.5
2000	1,139.9	11.6	192.6	16.9	947.3	83.1	459.6	40.3	402.7	56.8
2001	1,239.1	12.2	199.8	16.1	1,039.3	83.9	497.2	40.1	441.0	56.3
2002	1,341.4	12.8	210.8	15.7	1,130.6	84.3	540.0	40.3	481.8	58.2
2003	1,445.7	13.2	223.5	15.5	1,222.2	84.5	583.7	40.4	519.9	63.8
2004	1,560.2	13.3	235.7	15.1	1,324.5	84.9	632.1	40.5	563.5	68.6
	Average Annual Rate of Change									
1960-2004	10.0	---	6.8	---	11.6	---	11.4	---	11.3	12.1
1970-2004	9.9	---	6.8	---	11.0	---	11.5	---	11.5	11.4
1980-2004	8.6	---	6.0	---	9.3	---	9.6	---	9.7	8.7
1970-1980	13.1	---	8.9	---	15.2	---	16.1	---	15.8	18.2
1980-1990	10.9	---	8.8	---	11.6	---	12.8	---	12.8	12.7
1990-2004	7.0	---	4.0	---	7.7	---	7.3	---	7.5	6.0
2000-2001	8.7	---	3.7	---	9.7	---	8.2	---	9.5	-1.0
2001-2002	8.3	---	5.5	---	8.8	---	8.6	---	9.3	3.3
2002-2003	7.8	---	6.0	---	8.1	---	8.1	---	7.9	9.6
2003-2004	7.9	---	5.5	---	8.4	---	8.3	---	8.4	7.7

<sup>1</sup>Represents total expenditures aggregated on an incurred basis. Because of differences in methodology, definition, and completeness, the PHCE for Medicare services are somewhat higher than the corresponding Medicare program payments shown elsewhere in this publication. PHCE excludes health expenditures for construction, program administration, government public health activities, and research

<sup>2</sup>Subset of Federal funds.

<sup>3</sup>Subset of Federal, State, and local funds.

<sup>4</sup>Excludes State Children's Health Insurance Program and Medicaid expansion.

NOTES: PHCE is personal health care expenditures. GDP is gross domestic product. Numbers may not add to totals because of rounding.

National Health Expenditures data files and category definitions are found at

<[http://www.cms.hhs.gov/NationalHealthExpendData/02\\_NationalHealthAccountsHistorical.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage)>.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

**Table 1—Continued**

**Personal Health Care Expenditures, by Source of Funds: Selected Calendar Years 1960-2004**

Total		Government					
		Third Parties		Medicare <sup>2</sup>		Medicaid <sup>3,4</sup>	
Amount	Percent of PHCE	Federal	State and Local	Amount	Percent of PHCE	Amount	Percent of PHCE
Amount in Billions							
\$5.0	21.4	\$2.0	\$3.0	---	---	---	---
22.2	35.3	14.4	7.8	\$7.3	11.6	\$5.0	8.0
86.2	40.0	62.3	23.9	36.1	16.7	24.7	11.5
145.9	39.2	108.8	37.1	69.4	18.6	38.8	10.4
236.2	38.9	172.8	63.5	106.6	17.5	69.7	11.5
270.8	40.5	200.3	70.5	117.3	17.5	88.9	13.3
303.2	41.8	227.9	75.3	132.4	18.2	103.4	14.2
331.2	42.8	249.9	81.3	144.7	18.7	116.5	15.1
360.7	44.3	272.8	87.8	162.3	19.9	126.9	15.6
384.8	44.6	293.5	91.3	177.8	20.6	136.2	15.8
409.5	45.0	316.6	92.9	194.5	21.4	144.5	15.9
426.1	44.4	329.5	96.6	204.4	21.3	150.6	15.7
435.4	43.1	332.6	102.7	202.8	20.1	158.2	15.7
455.3	42.6	347.0	108.3	206.4	19.3	171.3	16.0
487.7	42.8	371.1	116.6	217.4	19.1	187.0	16.4
542.0	43.7	413.3	128.7	240.5	19.4	208.9	16.9
590.6	44.0	450.4	140.2	258.2	19.3	230.7	17.2
638.6	44.2	489.4	149.1	275.9	19.1	250.4	17.3
692.4	44.4	529.2	163.2	299.6	19.2	271.0	17.4
11.9	---	13.5	9.5	---	---	---	---
10.6	---	11.2	9.4	11.6	---	12.4	---
9.1	---	9.3	8.3	9.2	---	10.5	---
14.5	---	15.7	11.9	17.4	---	17.2	---
10.6	---	10.7	10.3	11.4	---	10.9	---
8.0	---	8.3	7.0	7.7	---	10.2	---
11.1	---	11.4	10.3	10.6	---	11.7	---
9.0	---	9.0	8.9	7.3	---	10.4	---
8.1	---	8.7	6.4	6.8	---	8.6	---
8.4	---	8.1	9.4	8.6	---	8.2	---

Table 2

**Gross Domestic Product (GDP), Total Personal Health Care Expenditures (PHCE), Physician PHCE, Total Medicare PHCE,  
and Medicare Physician PHCE: Selected Calendar Years 1960-2004**

Year	GDP in Billions	PHCE <sup>1</sup>					Medicare PHCE <sup>1</sup>							
		Total		Physician and Clinical Services			Total			Physician and Clinical Services <sup>2</sup>				
		Amount in Billions	Percent of GDP	Amount in Billions	Per- cent of GDP	Per- cent of PHCE	Amount in Billions	Per- cent of GDP	Percent of PHCE	Amount in Billions	Per- cent of GDP	Per- cent of PHCE	Percent of Medicare PHCE	
1960	\$526.4	\$23.3	4.4	\$5.4	1.0	23.0	---	---	---	---	---	---	---	
1970	1,038.5	62.9	6.1	14.0	1.3	22.2	7.3	0.7	11.6	\$1.6	0.2	2.6	22.6	
1980	2,789.5	215.3	7.7	47.1	1.7	21.9	36.1	1.3	16.7	8.0	0.3	3.7	22.2	
1990	5,803.1	607.5	10.5	157.5	2.7	25.9	106.6	1.8	17.5	29.4	0.5	4.8	27.5	
1991	5,995.9	669.2	11.2	175.0	2.9	26.2	117.3	2.0	17.5	31.5	0.5	4.7	26.9	
1992	6,337.7	725.9	11.5	189.7	3.0	26.1	132.4	2.1	18.2	33.1	0.5	4.6	25.0	
1993	6,657.4	773.6	11.6	201.2	3.0	26.0	144.7	2.2	18.7	34.7	0.5	4.5	24.0	
1994	7,072.2	814.4	11.5	210.5	3.0	25.8	162.3	2.3	19.9	38.1	0.5	4.7	23.5	
1995	7,397.7	863.7	11.7	220.5	3.0	25.5	177.8	2.4	20.6	41.4	0.6	4.8	23.3	
1996	7,816.9	910.3	11.6	229.4	2.9	25.2	194.5	2.5	21.4	43.7	0.6	4.8	22.5	
1997	8,304.3	959.8	11.6	240.9	2.9	25.1	204.4	2.5	21.3	46.3	0.6	4.8	22.7	
1998	8,747.0	1,010.5	11.6	256.4	2.9	25.4	202.8	2.3	20.1	49.1	0.6	4.9	24.2	
1999	9,268.4	1,068.3	11.5	269.6	2.9	25.2	206.4	2.2	19.3	53.2	0.6	5.0	25.7	
2000	9,817.0	1,139.9	11.6	288.6	2.9	25.3	217.4	2.2	19.1	58.3	0.6	5.1	26.8	
2001	10,128.0	1,239.1	12.2	313.1	3.1	25.3	240.5	2.4	19.4	63.6	0.6	5.1	26.4	
2002	10,469.6	1,341.4	12.8	337.9	3.2	25.2	258.2	2.5	19.3	67.7	0.6	5.0	26.2	
2003	10,971.2	1,445.7	13.2	367.0	3.3	25.4	275.9	2.5	19.1	73.7	0.7	5.1	26.7	
2004	11,734.3	1,560.2	13.3	399.9	3.4	25.6	299.6	2.6	19.2	81.8	0.7	5.2	27.3	
Average Annual Rate of Change														
1960-2004	7.3	10.0	---	10.3	---	---	---	---	---	---	---	---	---	
1970-2004	7.4	9.9	---	10.4	---	---	11.6	---	---	12.2	---	---	---	
1980-2004	6.2	8.6	---	9.3	---	---	9.2	---	---	10.2	---	---	---	
1970-1980	10.4	13.1	---	12.9	---	---	17.4	---	---	17.2	---	---	---	
1980-1990	7.6	10.9	---	12.8	---	---	11.4	---	---	13.9	---	---	---	
1990-2004	5.2	7.0	---	6.9	---	---	7.7	---	---	7.6	---	---	---	
1999-2000	5.9	6.7	---	7.0	---	---	5.3	---	---	9.8	---	---	---	
2000-2001	3.2	8.7	---	8.5	---	---	10.6	---	---	9.0	---	---	---	
2001-2002	3.4	8.3	---	7.9	---	---	7.3	---	---	6.4	---	---	---	
2002-2003	4.8	7.8	---	8.6	---	---	6.8	---	---	8.8	---	---	---	
2003-2004	7.0	7.9	---	9.0	---	---	8.6	---	---	11.1	---	---	---	

<sup>1</sup>Represents total expenditures aggregated on an incurred basis. Because of differences in methodology, definition, and completeness, the total Medicare Physician and Clinical Services are somewhat higher than the corresponding Medicare Program payments for Physician and Clinical Services shown elsewhere in this publication. PHCE excludes health expenditures for construction, program administration, government, public health activities, and research.

<sup>2</sup>Excludes expenditures for supplier services; includes expenditures for group practice prepayment plans and independent laboratories. Expenditures are in current dollars.

NOTES: Numbers may not add to totals due to rounding. National Health Expenditures data files and category definitions are found at <[http://www.cms.hhs.gov/NationalHealthExpendData/02\\_NationalHealthAccountsHistorical.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage)>.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

**Table 3**  
**Gross Domestic Product (GDP), Total Personal Health Care Expenditures (PHCE), Hospital PHCE, Total Medicare PHCE,**  
**and Medicare Hospital PHCE: Selected Calendar Years 1960-2004**

Year	GDP in Billions	PHCE <sup>1</sup>						Medicare PHCE <sup>1</sup>					
		Total		Hospital			Total			Hospital			Percent of Medicare PHCE
		Amount in Billions	Per- cent of GDP	Amount in Billions	Per- cent of GDP	Per- cent of PHCE	Amount in Billions	Per- cent of GDP	Per- cent of PHCE	Amount in Billions	Per- cent of GDP	Per- cent of PHCE	
1960	\$526.4	\$23.3	4.4	\$9.2	1.7	39.4	---	---	---	---	---	---	---
1970	1,038.5	62.9	6.1	27.6	2.7	43.8	\$7.3	0.7	11.6	\$5.4	0.5	8.5	73.6
1980	2,789.5	215.3	7.7	101.0	3.6	46.9	36.1	1.3	16.7	26.4	0.9	12.3	73.2
1990	5,803.1	607.5	10.5	251.6	4.3	41.4	106.6	1.8	17.5	67.8	1.2	11.2	63.6
1991	5,995.9	669.2	11.2	277.1	4.6	41.4	117.3	2.0	17.5	73.8	1.2	11.0	62.9
1992	6,337.7	725.9	11.5	299.8	4.7	41.3	132.4	2.1	18.2	83.7	1.3	11.5	63.2
1993	6,657.4	773.6	11.6	317.2	4.8	41.0	144.7	2.2	18.7	90.5	1.4	11.7	62.5
1994	7,072.2	814.4	11.5	329.8	4.7	40.5	162.3	2.3	19.9	99.3	1.4	12.2	61.2
1995	7,397.7	863.7	11.7	340.7	4.6	39.5	177.8	2.4	20.6	106.9	1.4	12.4	60.1
1996	7,816.9	910.3	11.6	352.2	4.5	38.7	194.5	2.5	21.4	117.2	1.5	12.9	60.3
1997	8,304.3	959.8	11.6	364.8	4.4	38.0	204.4	2.5	21.3	122.0	1.5	12.7	59.7
1998	8,747.0	1,010.5	11.6	376.3	4.3	37.2	202.8	2.3	20.1	120.3	1.4	11.9	59.3
1999	9,268.4	1,068.3	11.5	395.0	4.3	37.0	206.4	2.2	19.3	122.5	1.3	11.5	59.4
2000	9,817.0	1,139.9	11.6	417.0	4.2	36.6	217.4	2.2	19.1	125.5	1.3	11.0	57.7
2001	10,128.0	1,239.1	12.2	451.4	4.5	36.4	240.5	2.4	19.4	137.6	1.4	11.1	57.2
2002	10,469.6	1,341.4	12.8	488.6	4.7	36.4	258.2	2.5	19.3	146.7	1.4	10.9	56.8
2003	10,971.2	1,445.7	13.2	525.5	4.8	36.3	275.9	2.5	19.1	154.0	1.4	10.7	55.8
2004	11,734.3	1,560.2	13.3	570.8	4.9	36.6	299.6	2.6	19.2	163.4	1.4	10.5	54.5
Average Annual Rate of Change													
1960-2004	7.3	10.0	---	9.8	---	---	---	---	---	---	---	---	---
1970-2004	7.4	9.9	---	9.3	---	---	11.6	---	---	10.6	---	---	---
1980-2004	6.2	8.6	---	7.5	---	---	9.2	---	---	7.9	---	---	---
1970-1980	10.4	13.1	---	13.9	---	---	17.4	---	---	17.3	---	---	---
1980-1990	7.6	10.9	---	9.6	---	---	11.4	---	---	9.9	---	---	---
1990-2004	5.2	7.0	---	6.0	---	---	7.7	---	---	6.5	---	---	---
2001-2002	3.4	8.3	---	8.2	---	---	7.3	---	---	6.6	---	---	---
2002-2003	4.8	7.8	---	7.5	---	---	6.8	---	---	5.0	---	---	---
2003-2004	7.0	7.9	---	8.6	---	---	8.6	---	---	6.1	---	---	---

<sup>1</sup>Represents total expenditures aggregated on an incurred basis. Because of differences in methodology, definition, and completeness, the PHCE for Medicare hospital services are somewhat higher than the corresponding Medicare Program payments for all hospital services shown elsewhere in this publication. PHCE excludes health expenditures for construction, program administration, government public health activities, and research. Expenditures are in current dollars.

NOTES: Numbers may not add to totals due to rounding. National Health Expenditures data files and category definitions are found at <[http://www.cms.hhs.gov/NationalHealthExpendData/02\\_NationalHealthAccountsHistorical.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage)>.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

**Table 4**

**Total Personal Health Care Expenditures (PHCE), by Type of Service: Selected Calendar Years 1960-2004**

Type of Service	1980		1990		2000		2004		Average Annual Rate of Change		
	Amount in Billions	Percent	1980-2004	1990-2004	2000-2004						
Personal Health Care <sup>1</sup>	\$215.3	100.0	\$607.5	100.0	\$1,139.9	100.0	\$1,560.2	100.0	9	7	8
Hospital Care	101.0	46.9	251.6	41.4	417.0	36.6	570.8	36.6	7	6	8
Physician and Clinical Services	47.1	21.9	157.5	25.9	288.6	25.3	399.9	25.6	9	7	8
Dental Services	13.3	6.2	31.5	5.2	62.0	5.4	81.5	5.2	8	7	7
Other Professional Services	3.6	1.7	18.2	3.0	39.1	3.4	52.7	3.4	12	8	8
Home Health Care <sup>2</sup>	2.4	1.1	12.6	2.1	30.6	2.7	43.2	2.8	13	9	9
Prescription Drugs	12.0	5.6	40.3	6.6	120.8	10.6	188.5	12.1	12	12	12
Other Non-Durable Medical Products	9.8	4.6	22.5	3.7	30.2	2.6	32.3	2.1	5	3	2
Durable Medical Equipment	3.8	1.8	11.2	1.8	19.3	1.7	23.0	1.5	8	5	4
Nursing Home Care <sup>3</sup>	19.0	8.8	52.6	8.7	95.3	8.4	115.2	7.4	8	6	5
Other Personal Health Care	3.3	1.5	9.6	1.6	37.1	3.3	53.3	3.4	12	13	9

<sup>1</sup>Represents estimates of total benefit payments (fee-for-service and managed care) aggregated on an incurred basis.

<sup>2</sup>Excludes PHCE for home health agency services and supplies furnished by hospital-based and skilled nursing facility-based home health agencies.

<sup>3</sup>Excludes PHCE for skilled nursing facility services and supplies furnished by hospital-based skilled nursing facilities.

NOTES: Numbers may not add to totals due to rounding. National Health Expenditures data files and category definitions are found at [http://www.cms.hhs.gov/NationalHealthExpendData/02\\_NationalHealthAccountsHistorical.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage).

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