

National Health Care Spending In 2016

**Office of the Actuary
National Health Statistics Group**

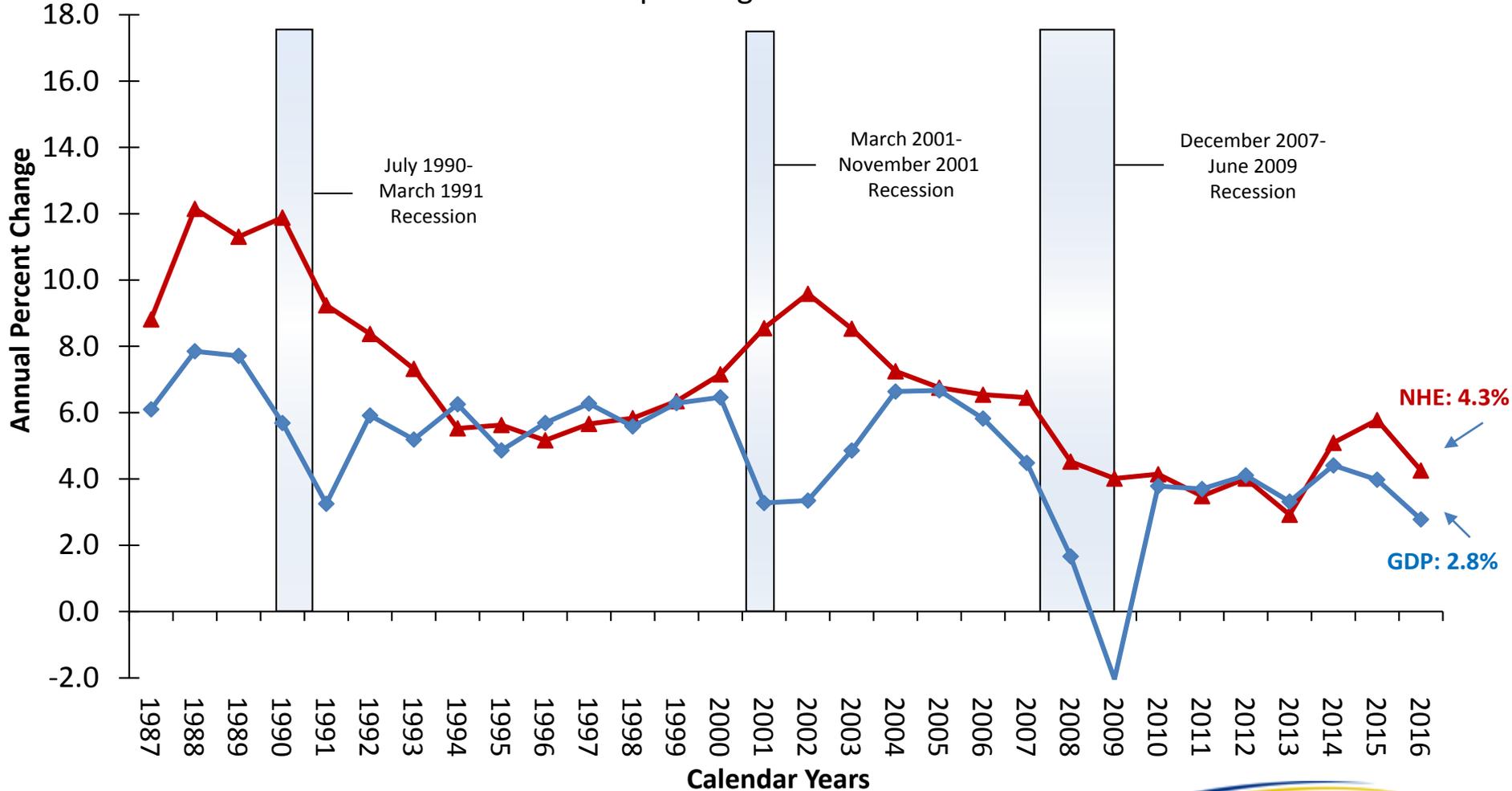
Overview

- National Health Expenditures reached \$3.3 trillion, or \$10,348 per person in 2016.
- National health spending increased 4.3 percent in 2016 following 5.8 percent growth in 2015.
 - Slower spending growth for the major payers and services
 - Enrollment growth slowed for Medicaid and private health insurance (PHI)
- Slower growth in Medicaid (3.9 percent) and retail prescription drugs (1.3 percent).
- The share of Gross Domestic Product (GDP) devoted to health was 17.9 percent in 2016—up from a 17.7 percent share in 2015.



Growth in National Health Expenditures and Gross Domestic Product, 1987-2016

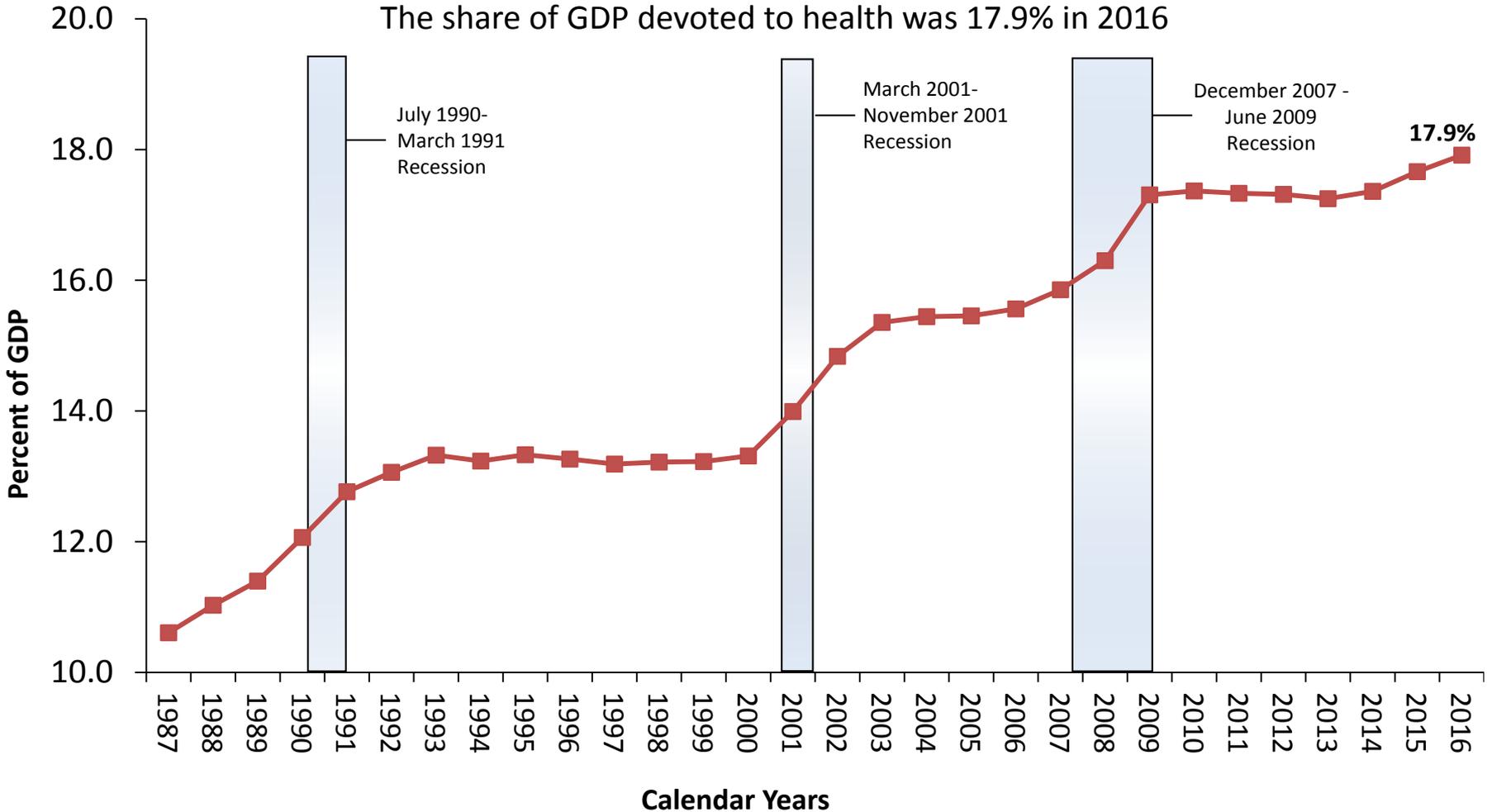
National health spending increased 4.3% in 2016



SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; U.S. Department of Commerce, Bureau of Economic Analysis and National Bureau of Economic Research, Inc.

National Health Expenditures as a Share of Gross Domestic Product, 1987-2016

The share of GDP devoted to health was 17.9% in 2016



Drivers of Growth

2014 & 2015:

- Faster enrollment and spending growth as a result of the ACA (PHI, Medicaid).
 - Increased use and intensity of services
- Rapid growth in retail prescription drug spending, particularly hepatitis C drugs.

2016:

- Slower growth in enrollment (PHI, Medicaid) and spending (all three major payers).
 - Slower growth in use and intensity of services
- Rapid slowdown in growth in retail prescription drug spending from fewer new drugs and decline in hepatitis C spending.



Enrollment in Private Health Insurance, Medicaid, and Medicare, and the Uninsured (Levels in Millions)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Private Health Insurance	187.6	192.8	196.3	196.4
Employer Sponsored	169.2	169.8	172.2	173.1
Individual	20.0	24.5	25.6	24.8
<i>Marketplace</i>		<i>5.4</i>	<i>9.0</i>	<i>10.0</i>
Medicaid	58.9	65.9	69.1	71.2
Medicaid Newly Eligible		6.6	9.6	11.4
Medicare	51.3	52.8	54.3	55.8
Uninsured	44.2	35.5	29.5	28.6
Insured Share of Population	86.0%	88.8%	90.8%	91.1%

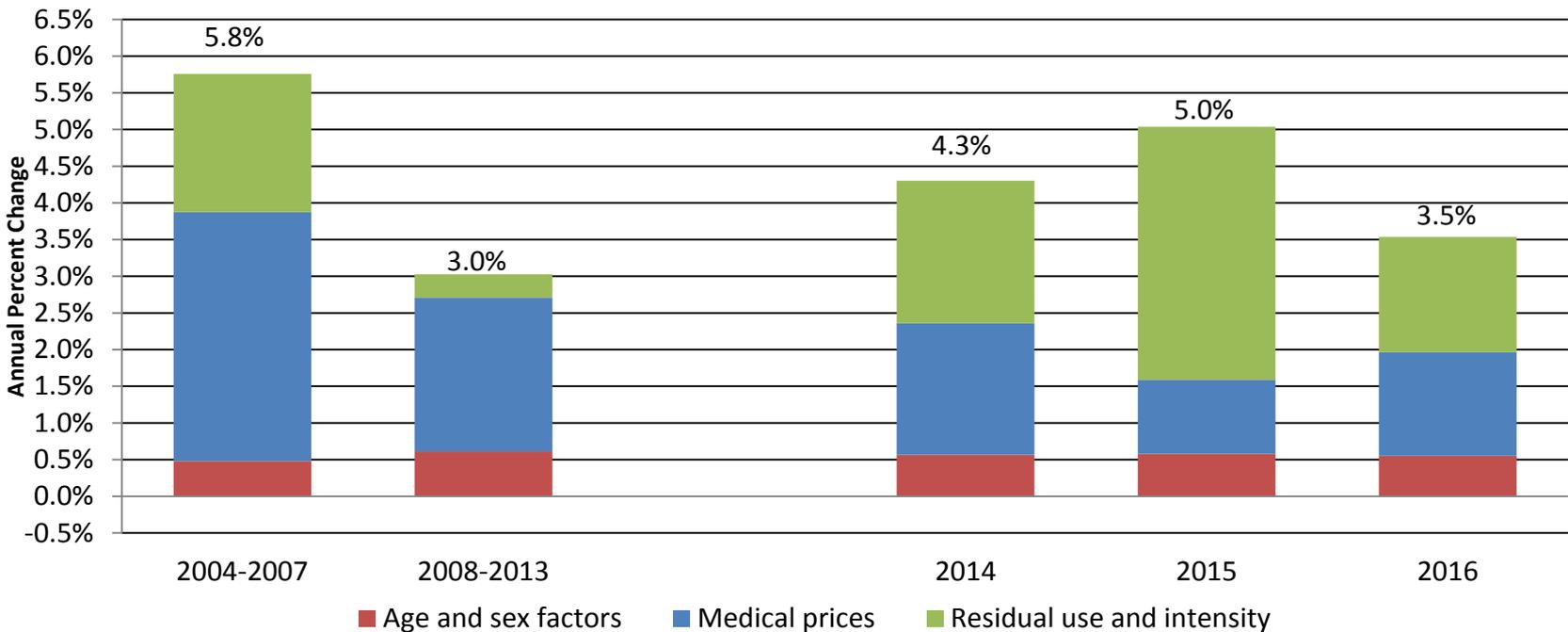
NOTE: Enrollment estimates are not mutually exclusive. The estimate of Marketplace enrollment reflects average monthly enrollment and not enrollment at the end of the year.

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



Factors Accounting for Growth in Per Capita National Health Expenditures, Selected Calendar Years 2004-2016

Per capita health spending grew 3.5% in 2016

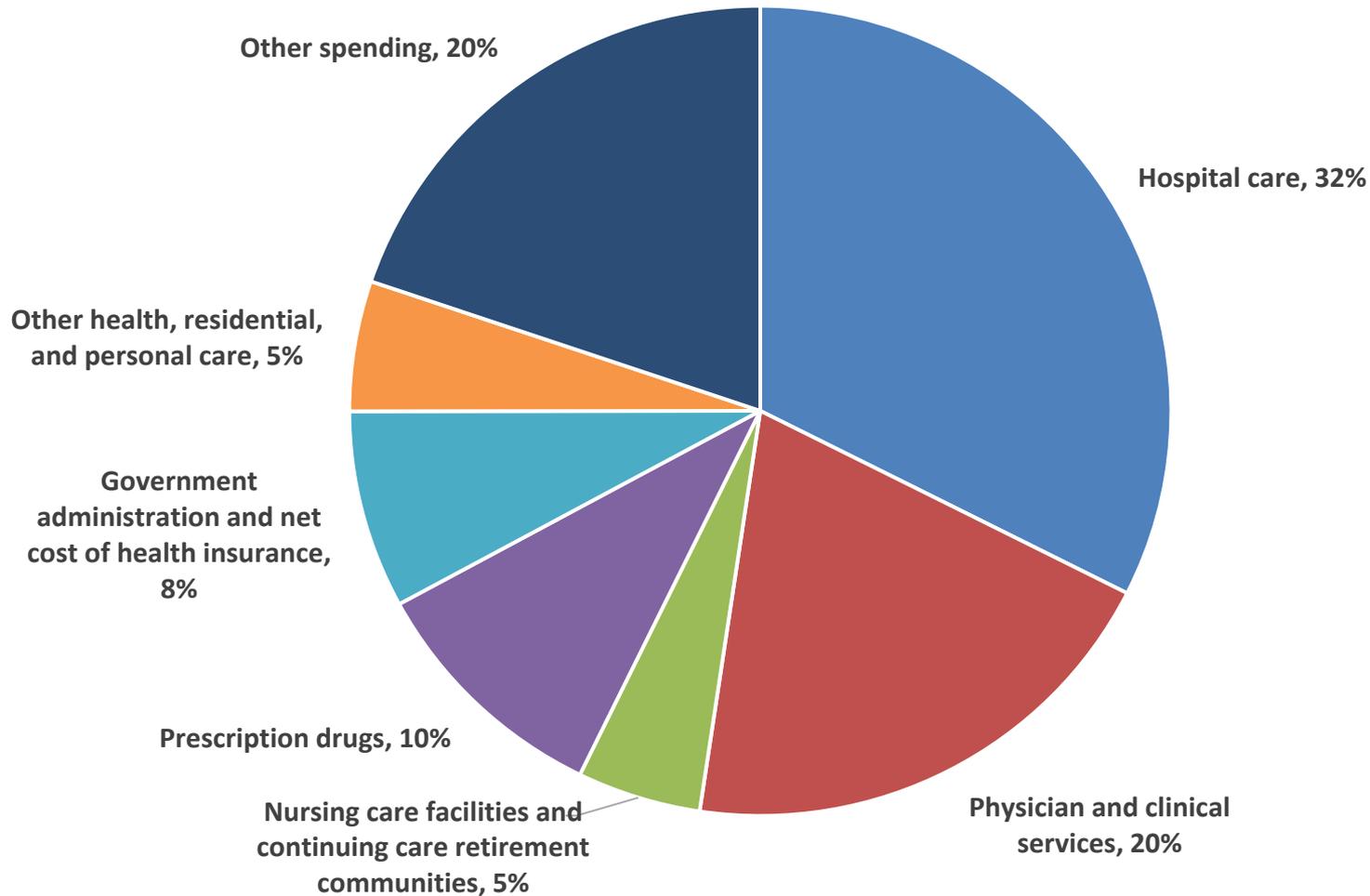


NOTES: Medical price growth, which includes economywide and excess medical-specific price growth (or changes in medical-specific prices in excess of economywide inflation), is calculated using the chain-weighted national health expenditures (NHE) deflator for NHE. "Residual use and intensity" is calculated by removing the effects of population, age and sex factors, and price growth from the nominal expenditure level.



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

The Nation's Health Dollar, Calendar Year 2016: Where It Went

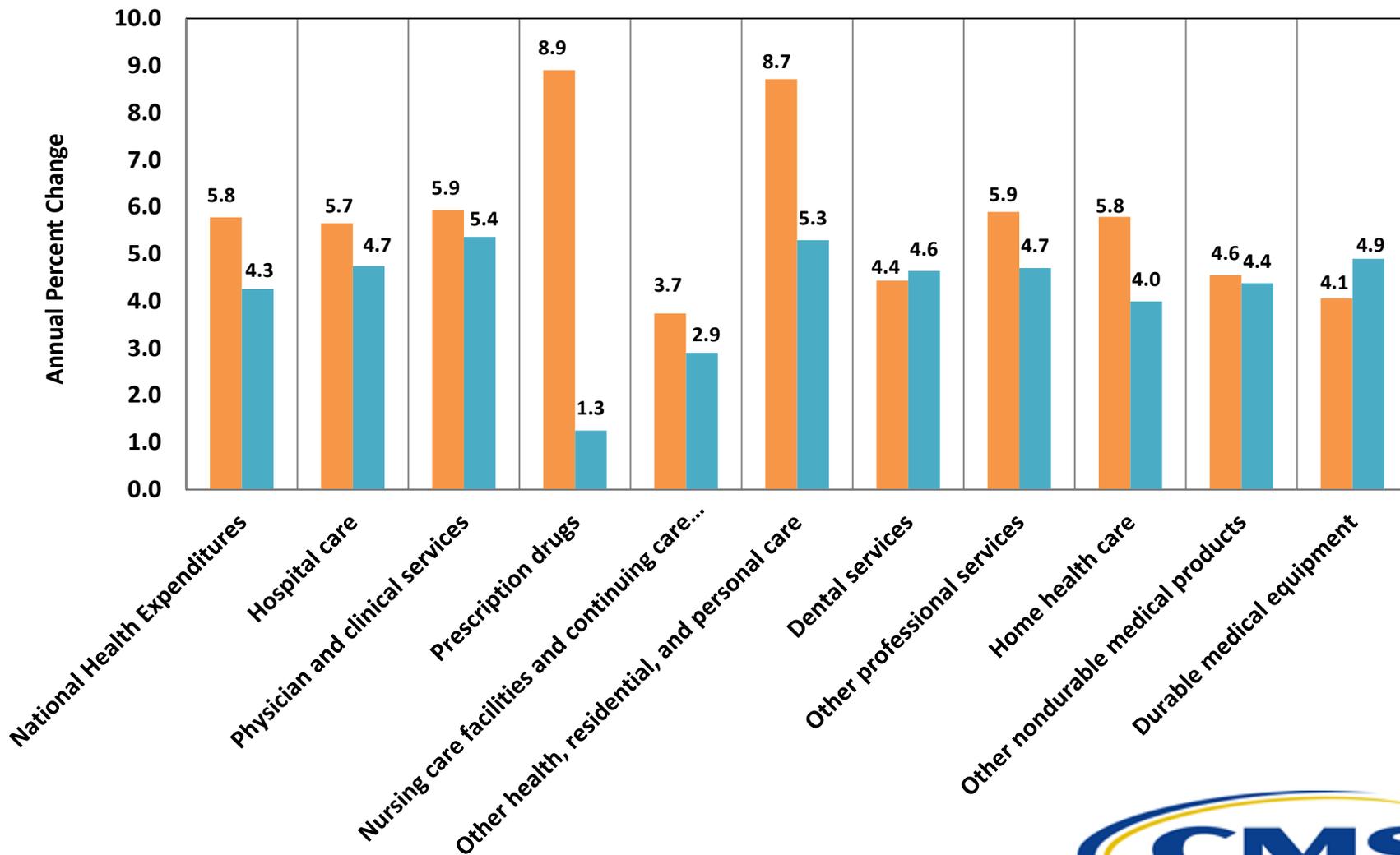


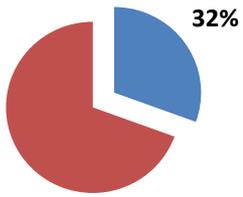
NOTE: "Other spending" includes Dental services, Other professional services, Home health care, Durable medical equipment, Other nondurable medical products, Government public health activities, and Investment.

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

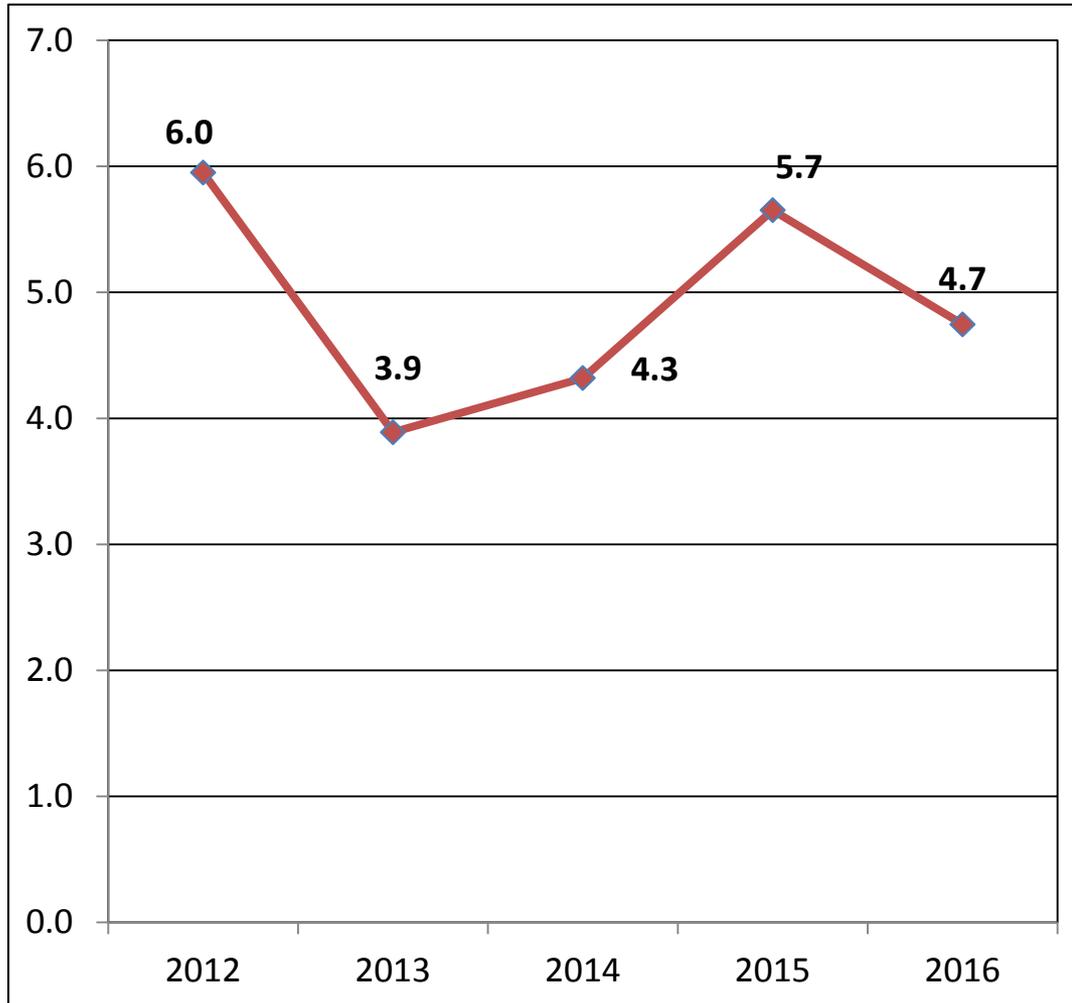
Annual Growth in Spending by Type of Good and Service, 2015-2016

2015 2016



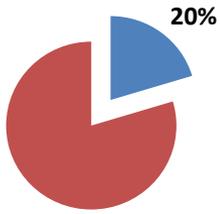


Annual Growth in Hospital Spending, 2012-2016

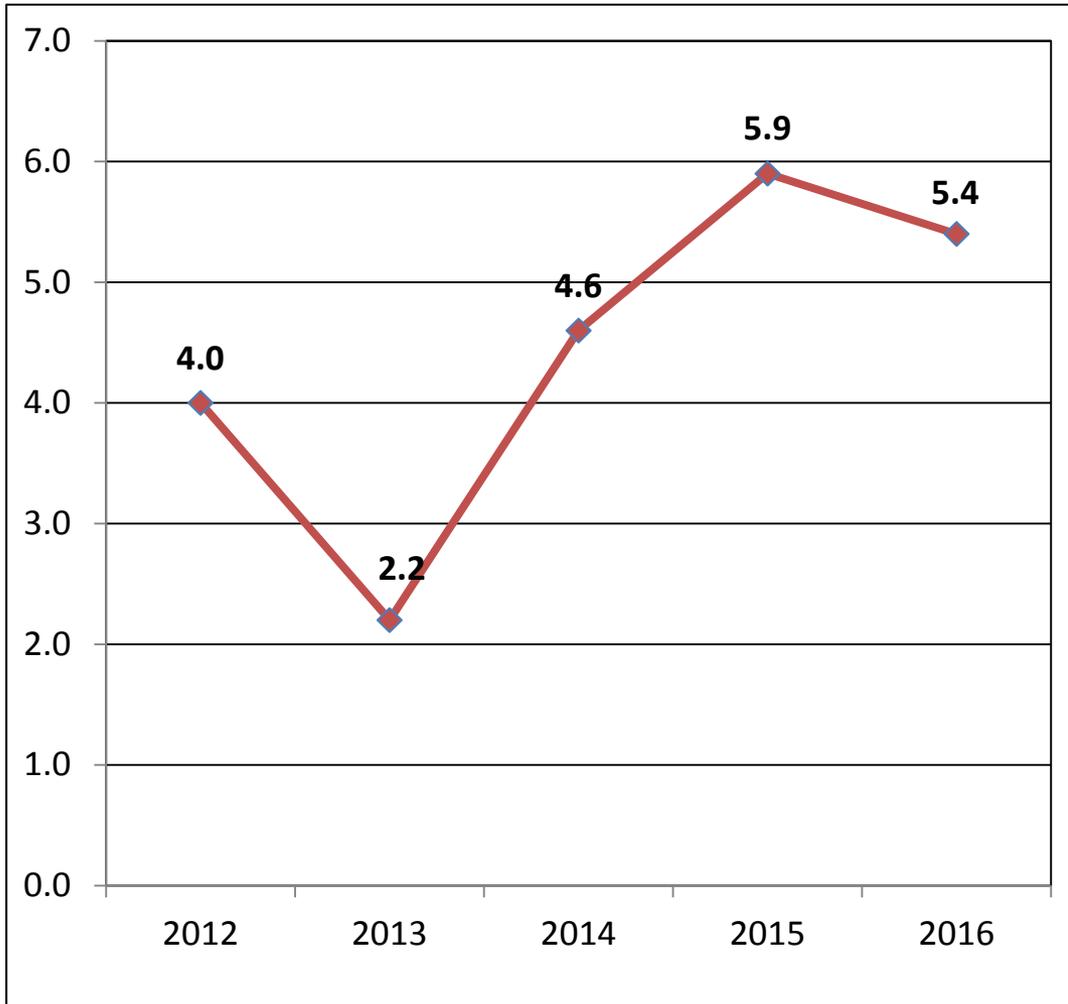


2016 highlights:

- Total spending = \$1.1 trillion
- Spending increased 4.7%
- Slower growth in 2016:
 - Medicaid
 - Private Health Insurance
 - Residual use and intensity



Annual Growth in Physician and Clinical Services Spending, 2012-2016

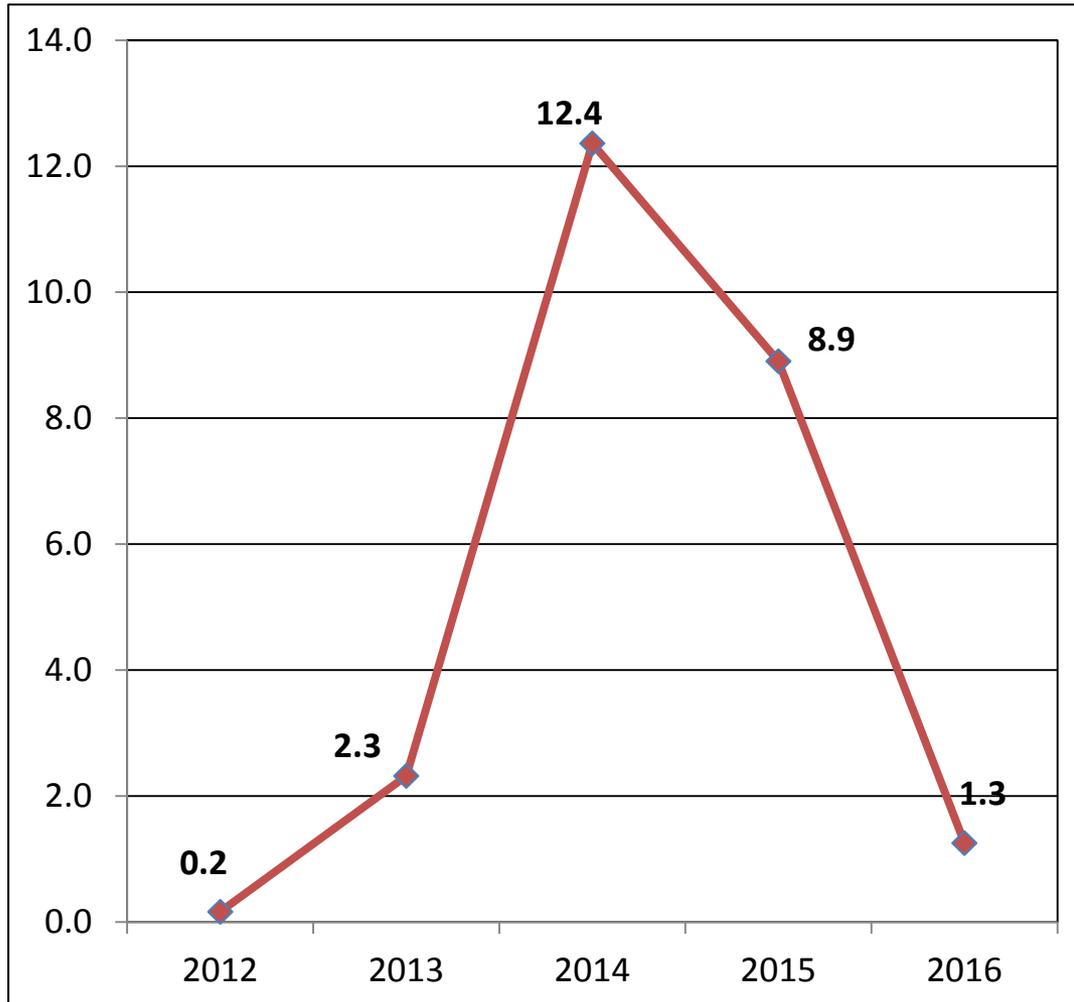


2016 highlights:

- Total spending = \$664.9 billion
- Spending increased 5.4%
- Slower growth in 2016:
 - Medicaid
 - Medicare
 - Residual use and intensity



Annual Growth in Retail Prescription Drug Spending, 2012-2016

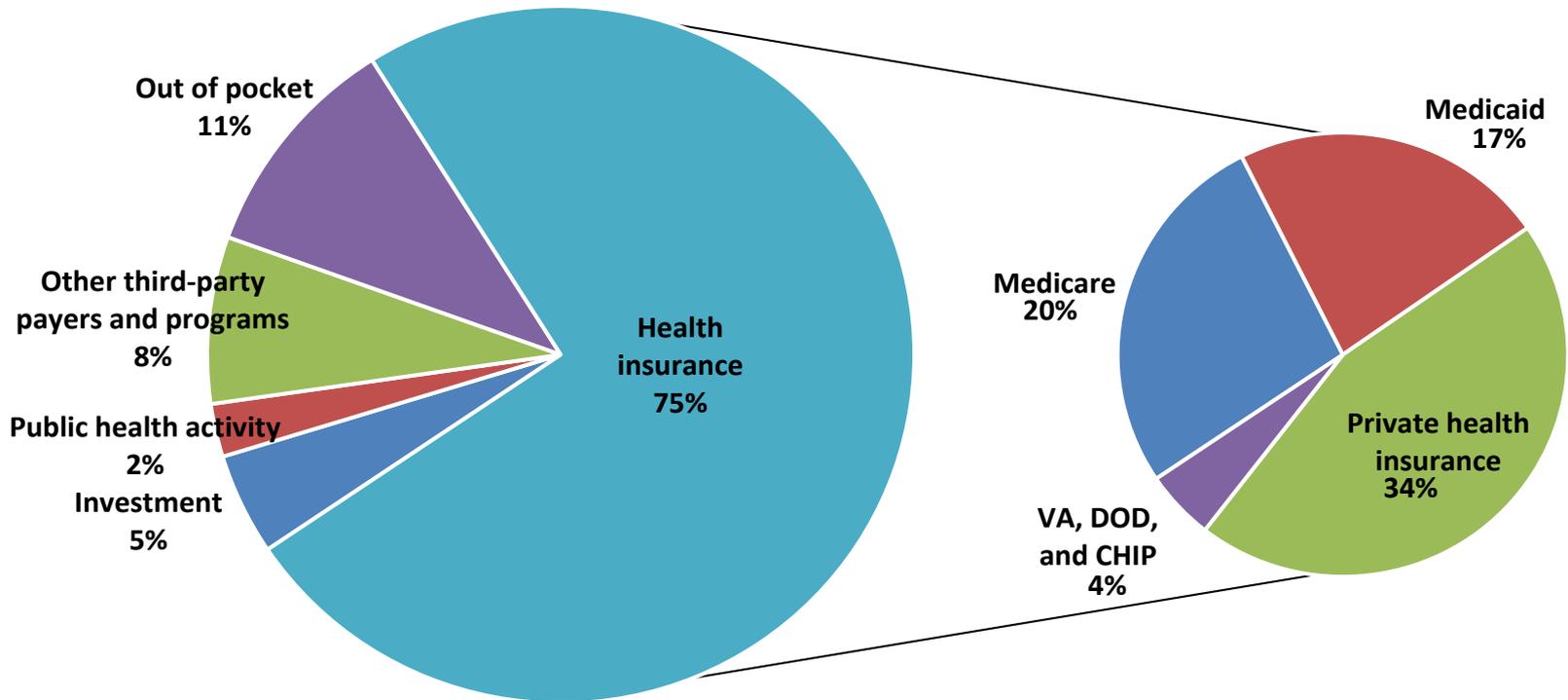


2016 highlights:

- Total spending = \$328.6 billion
- Spending increased 1.3%
- Slower growth in 2016:
 - Fewer new drugs approved
 - Slower growth in brand name drugs
 - Decline in spending for hepatitis C drugs



The Nation's Health Dollar, Calendar Year 2016: Where It Came From



NOTES: "Other third-party payers and programs" includes Worksite health care, Other private revenues, Indian Health Service, Workers' compensation, General assistance, Maternal and child health, Vocational rehabilitation, Substance Abuse and Mental Health Services Administration, School health, and Other federal and state local programs.

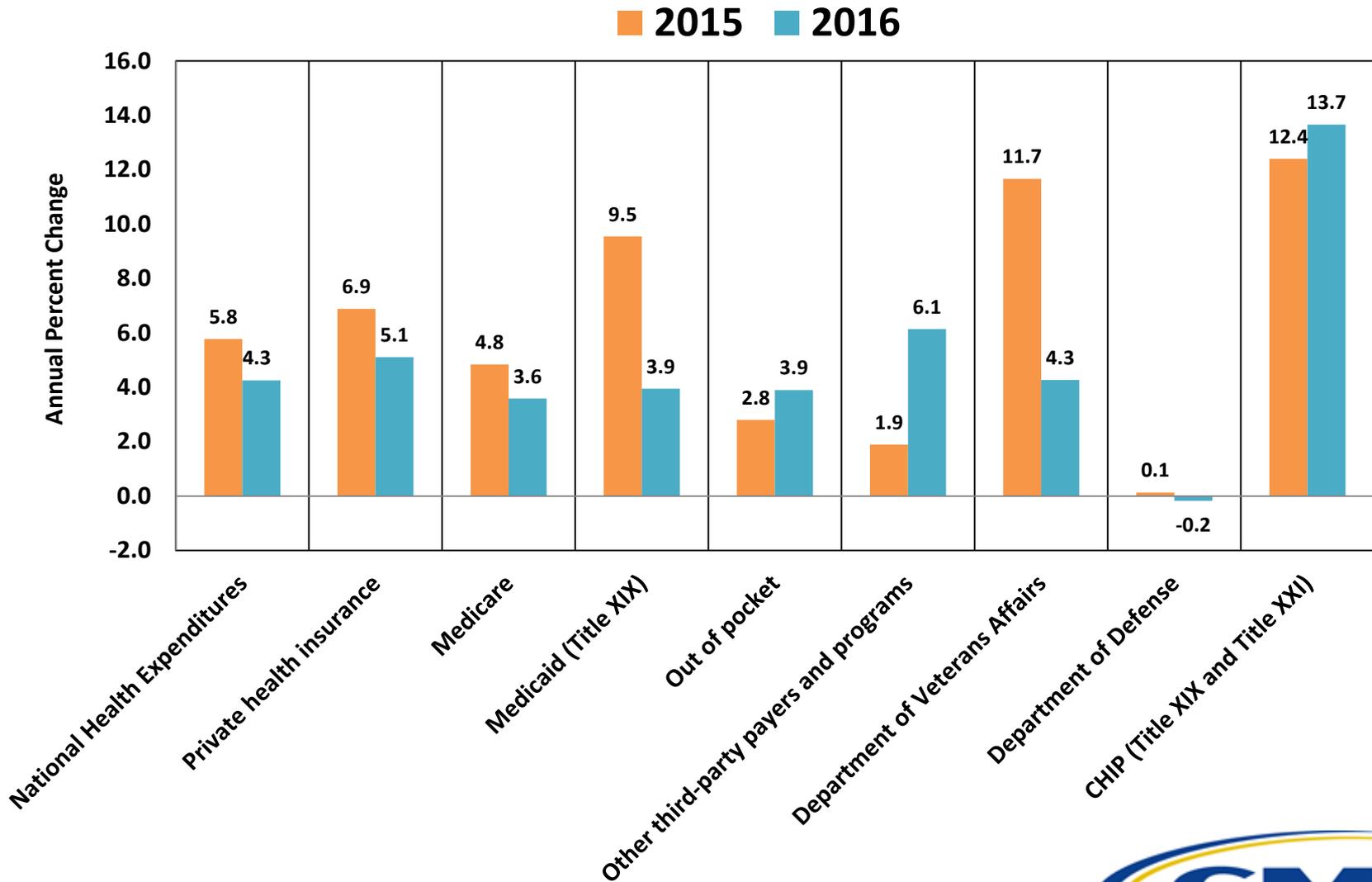
"Out of pocket" includes co-payments, deductibles, and any amounts not covered by health insurance.

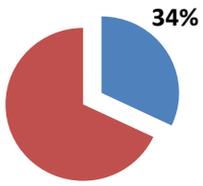
Note: Sum of pieces may not equal 100% due to rounding.



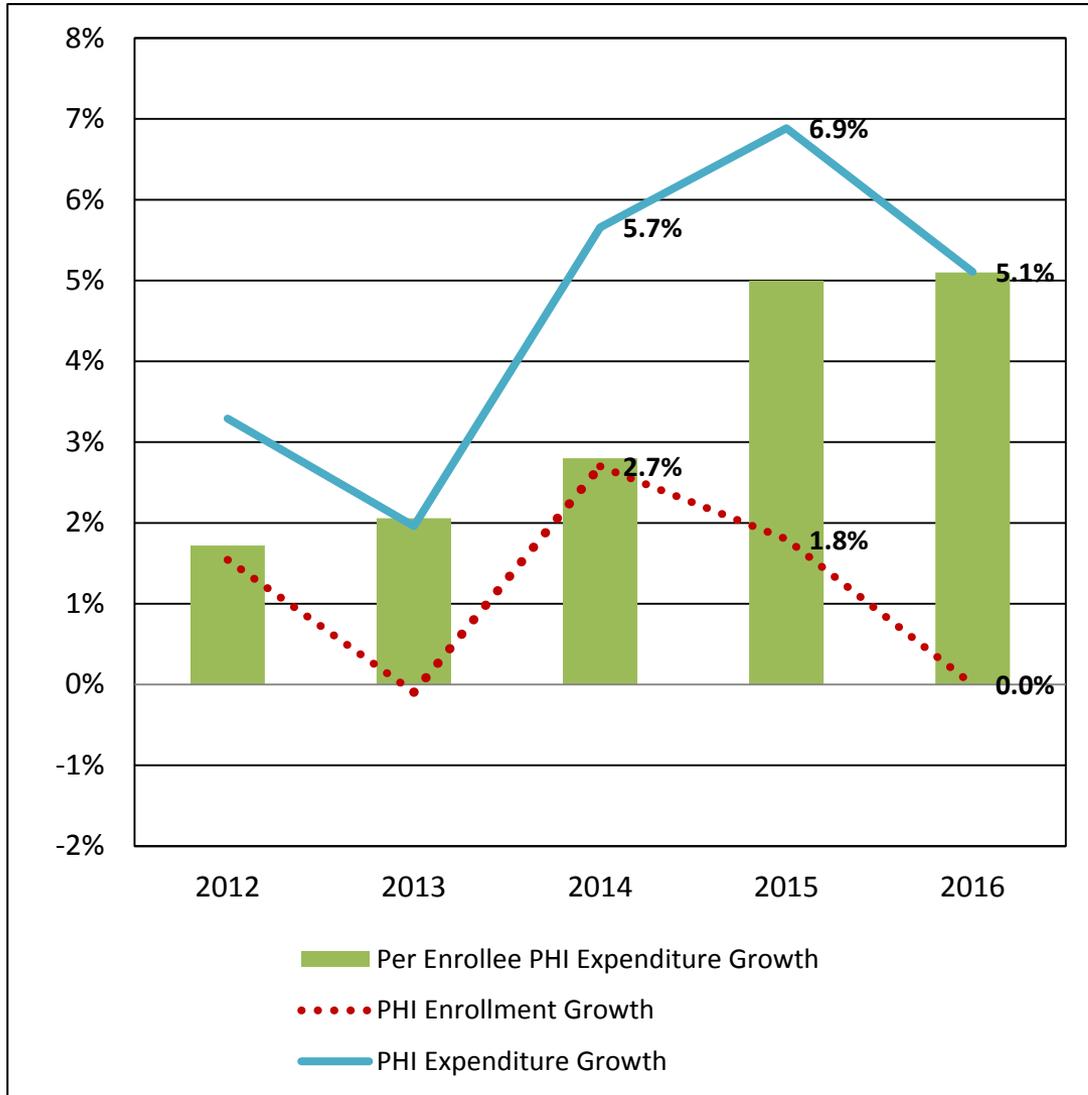
SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

Annual Growth in Spending by Source of Funds, 2015-2016





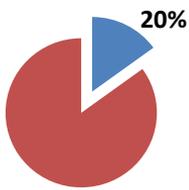
Private Health Insurance: Growth in Enrollment, Total, and Per Enrollee Expenditures, 2012–2016



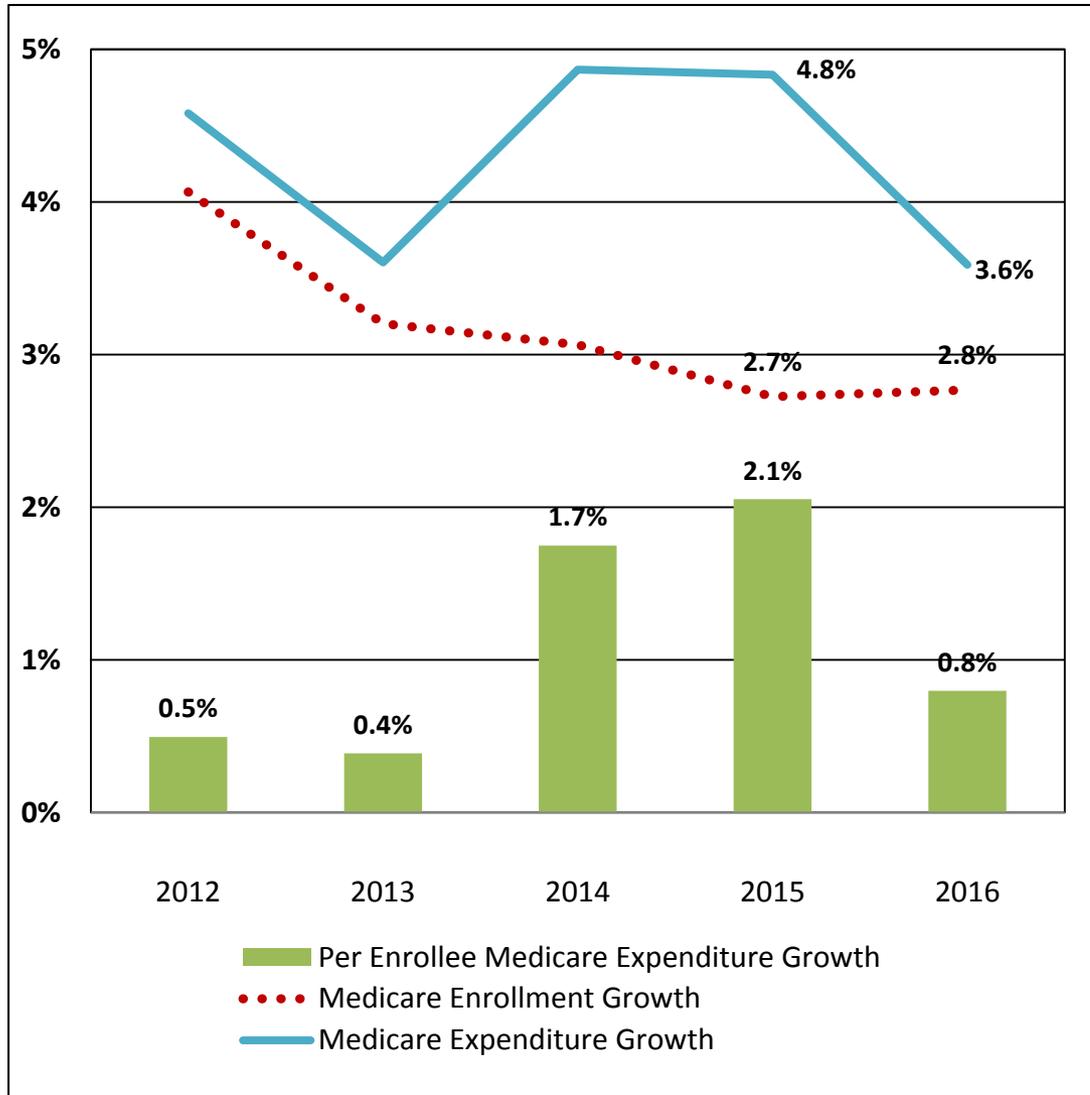
2016 highlights:

- Total Spending = \$1.1 trillion
- Spending increased 5.1%
- Enrollment growth slowed
- Per enrollee increased 5.1%
 - Slower growth in retail prescription drug spending
 - Slower growth in hospital spending
 - Faster growth in net cost





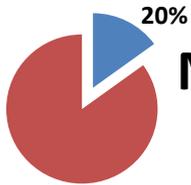
Medicare: Growth in Enrollment, Total, and Per Enrollee Expenditures, 2012–2016



2016 highlights:

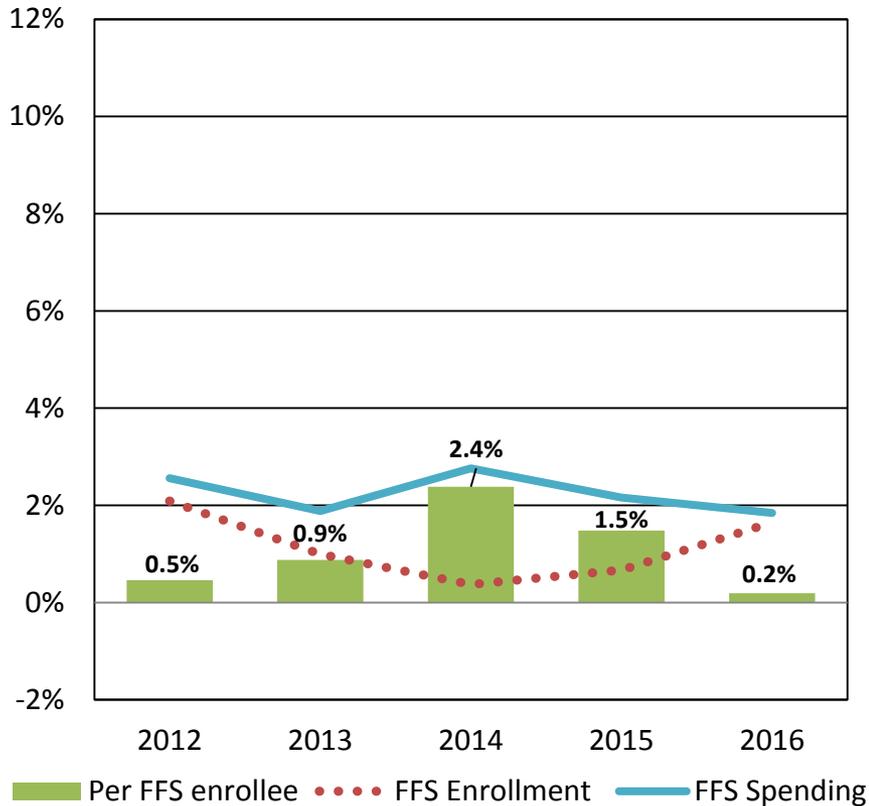
- Total Spending = \$672.1 billion
- Spending increased 3.6%
- Enrollment growth fairly stable
- Per enrollee increased 0.8%
 - Slower growth in Prescription drug spending
 - Slower growth in Physician and clinical services spending
 - Slower growth in Nursing home spending



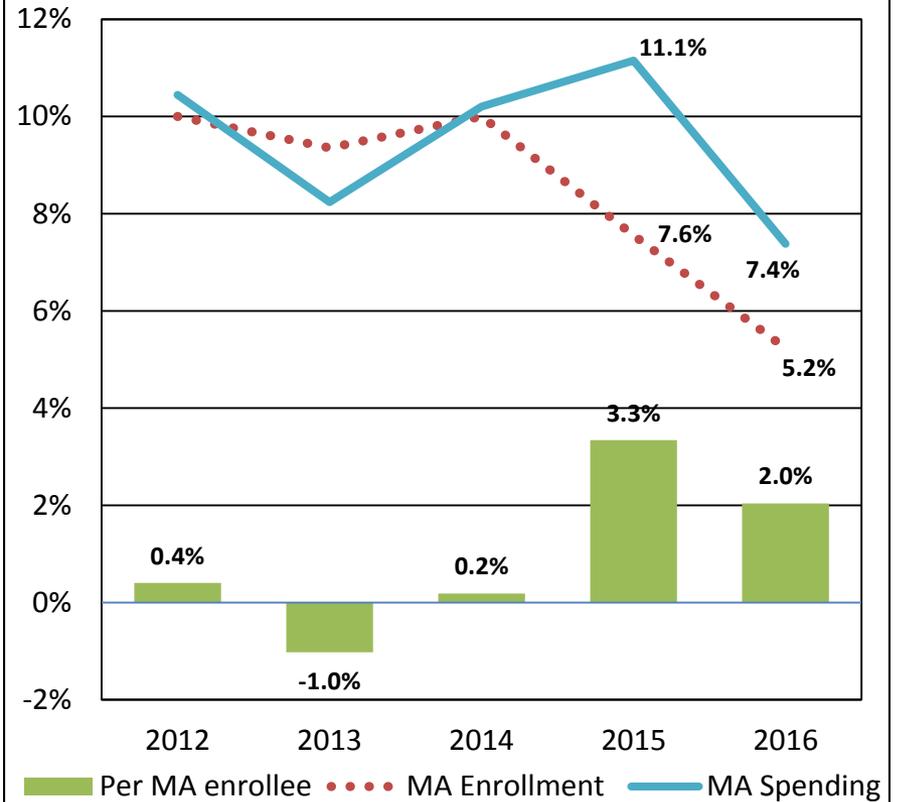


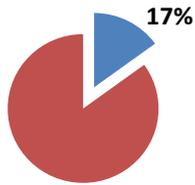
Medicare: Growth in FFS and Medicare Advantage Enrollment, Total Spending, and Per Enrollee Spending, 2012 – 2016

Fee-for-Service (67%)

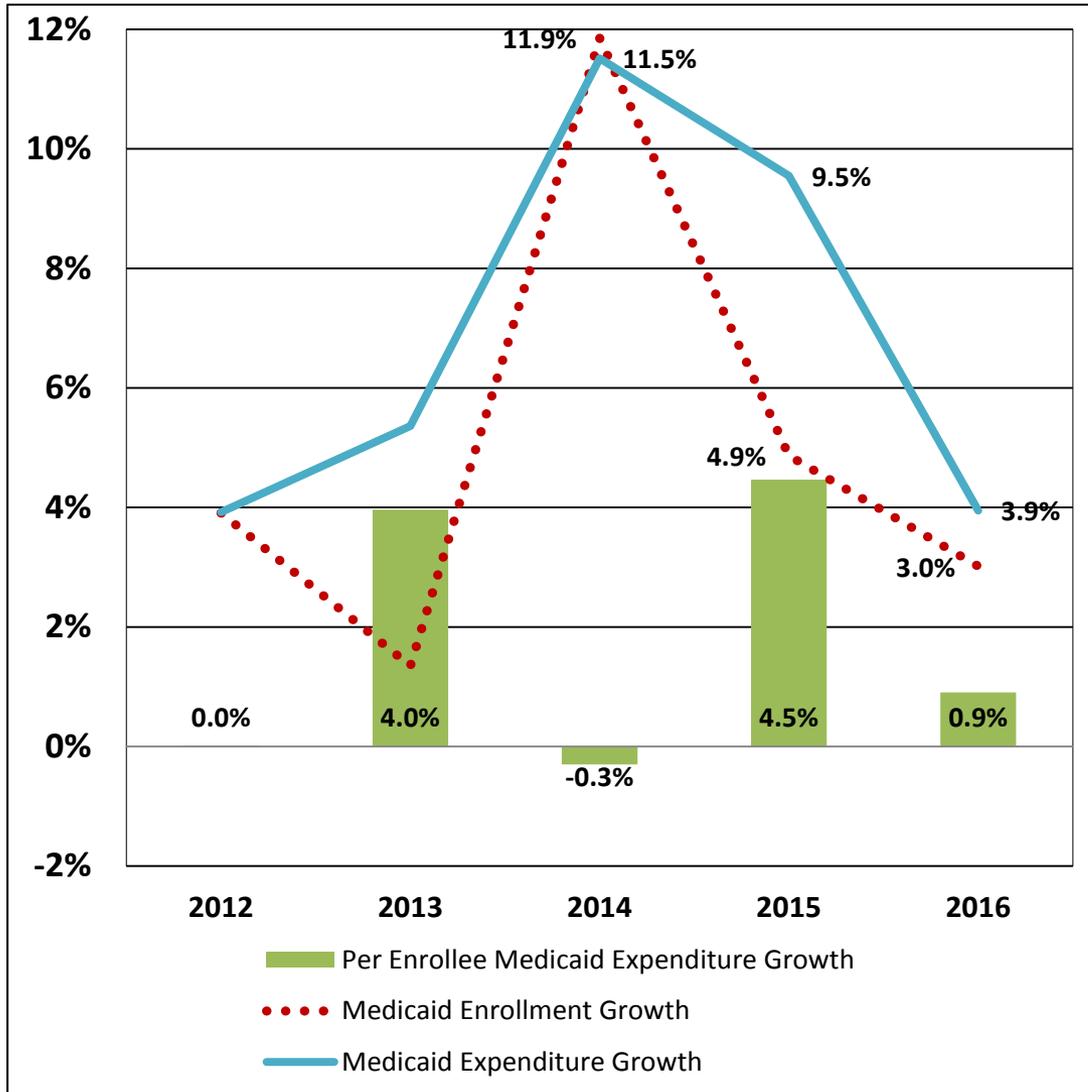


Medicare Advantage (33%)





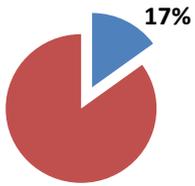
Medicaid: Growth in Enrollment, Total, and Per Enrollee Expenditures, 2012–2016



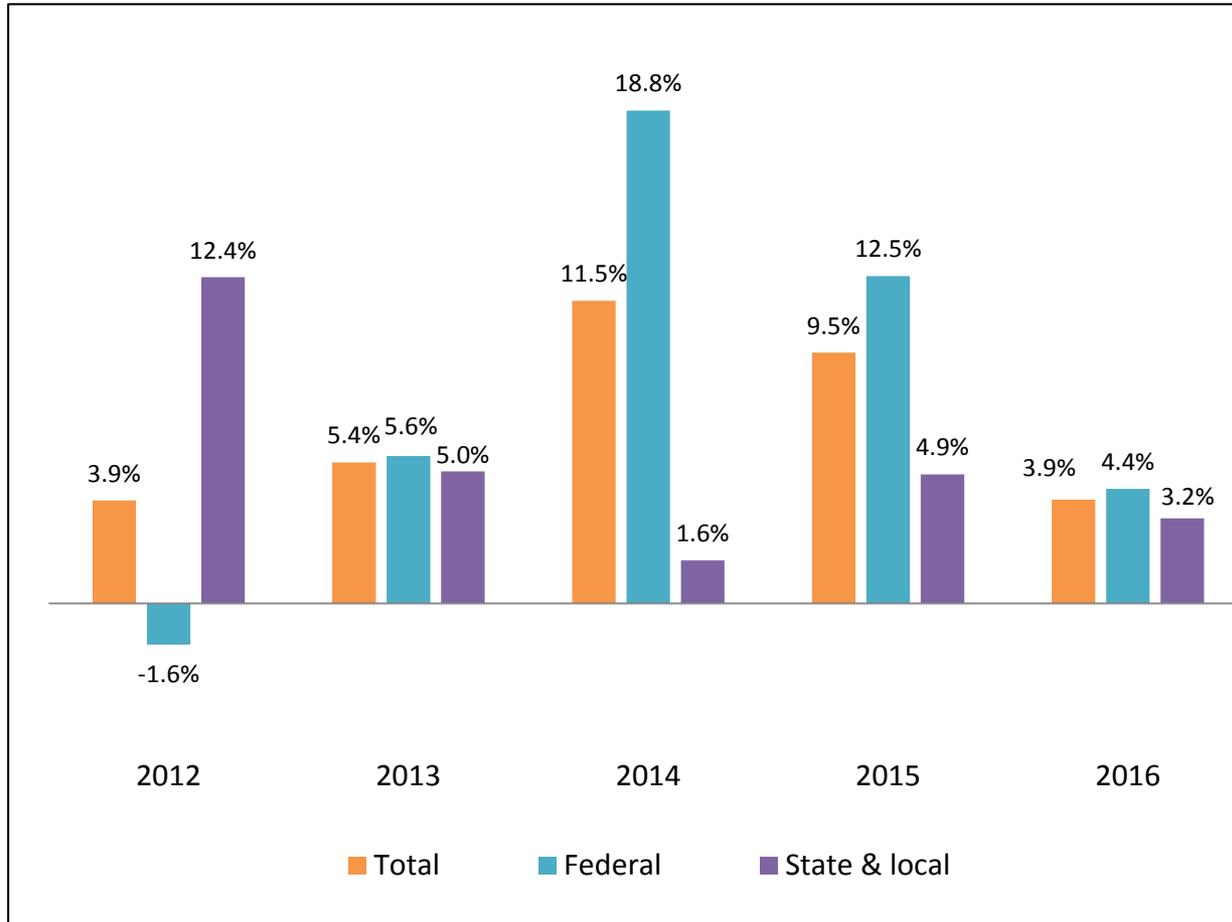
2016 highlights:

- Total Spending = \$565.5 billion
- Spending increased 3.9%
- Enrollment growth slowed
- Per enrollee increased 0.9%
 - Slower growth in Hospital spending
 - Slower growth in Other health, residential, and personal care spending
 - Slower growth in Physician and clinical services spending

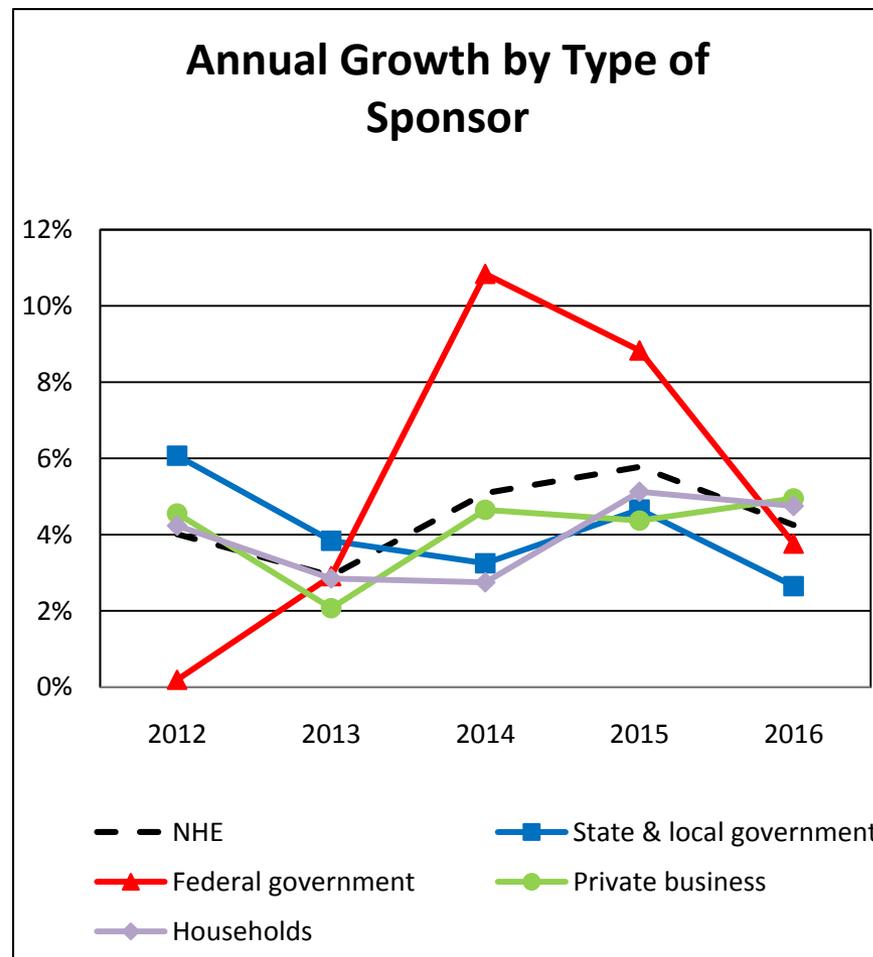
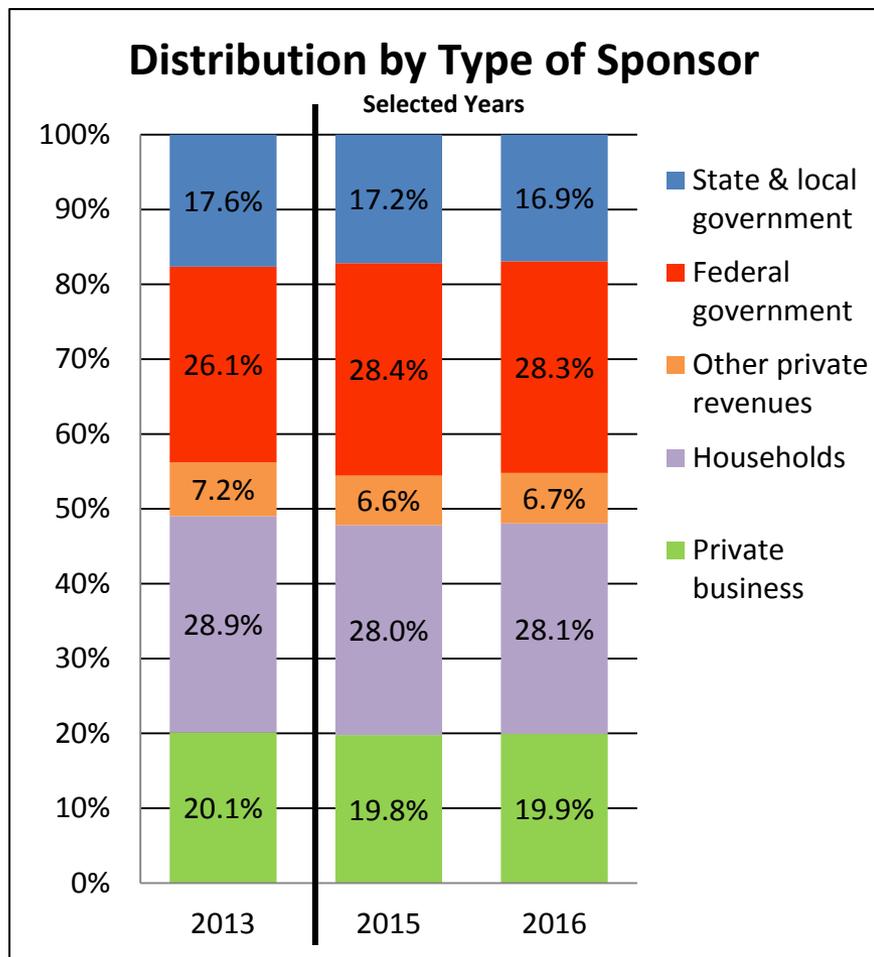




Medicaid: Growth in Total, Federal, and State & Local Expenditures, 2012 – 2016



National Health Expenditures: Distribution and Growth by Type of Sponsor



Note: Sum of pieces may not equal 100% due to rounding.



2016 National Health Expenditure Accounts: Summary

- National health spending increased 4.3 percent in 2016 following 5.8 percent growth in 2015.
- Slower growth in 2016 followed faster growth in 2014 and 2015 that was associated with ACA coverage expansions and strong retail prescription drug spending growth.
- The slowdown was broadly based as all major payers and goods and services slowed in 2016.
- National Health Expenditures represented a 17.9 percent share of Gross Domestic Product (GDP) in 2016.
- The federal government and households paid for the largest shares of health care in 2016—at 28 percent each.

