

## **State Health Expenditure Accounts by Provider Location 2009 Highlights**

*(Note: This analysis is based on the location of the provider, which is useful for measuring the demand for health care in each State. As such, the trends here should not be interpreted as a reflection of the spending trends of residents of these States. As a result, per capita estimates of spending by state of provider are not appropriate. The District of Columbia is excluded from this analysis.)*

### **All Payers: Total Personal Health Care**

Between 2004 and 2009, U.S. personal health care spending grew, on average, 5.7 percent per year, with spending in Alaska growing the fastest (8.0 percent) and spending in Vermont growing the slowest (3.3 percent).

Between 2004 and 2009, Alaska's expenditures grew faster than the U.S. average for Hospital Care, Physician and Clinical Services, and Prescription Drugs. Notably, the 2009 share of Medicaid spending on physician and clinical services in Alaska is substantially higher than the national average share (13.4 percent versus 7.9 percent).

In contrast, average annual spending growth for physician and clinical services, prescription drugs, and other health residential and personal care was below the national average in Vermont from 2004 to 2009, which was likely related to health reform enacted during the period. In 2006, Vermont enacted the Health Care Affordability Act, which aimed to provide universal coverage, improved coordination in health care services and payment reform.<sup>1</sup> This reform effort focused on improving the management of care for the chronically ill. Further, a recent study found that one of the law's early pilot programs decreased utilization and spending for health care services among the commercially insured.<sup>2</sup>

In 2009, California's personal health care spending was highest in the nation (\$231 billion), representing 11.1 percent of total U.S. personal health care spending in 2009. Comparing historical state rankings through 2009, California consistently had the highest level of total personal health care spending, together with the highest total population in the nation. Other large states, New York, Texas, Florida, and Pennsylvania, also were among the states with the highest total personal health care spending.

Wyoming's personal health care spending was lowest in the nation (as has been the case historically), representing just 0.2 percent of total U.S. personal health care spending in 2009. South Dakota, Alaska, North Dakota, and Vermont were also among the states with the lowest personal health care spending in both 2009 and historically. All these states have smaller populations.

Gross Domestic Product (GDP) by state measures the value of goods and services produced in each state. Health spending as a share of a GDP by state shows the importance of the health care sector in a state's economy. As a share of state GDP,

Maine ranked the highest (21.2 percent) and Wyoming ranked the lowest (8.7 percent) in 2009. All States except Delaware, Virginia and Wyoming spent 12 percent or more of their state GDP on health care in 2009.

### **All Payers: Hospital Care**

In 2009, the Plains region had the highest share of total personal health care expenditures accounted for by hospital care (40.5 percent) compared to the U.S. average (36.3 percent). The four States with the highest hospital share of their state's total health care spending in this region were South Dakota (45.7 percent), Missouri (46.1 percent), North Dakota (43.1 percent) and Nebraska (42.7 percent).

Average annual growth for hospital services from 2004 to 2009 was fastest in the Rocky Mountain region, increasing 7.6 percent compared to 6.1 percent nationally. Growth was primarily driven by three faster growing states (Idaho, Utah and Wyoming). In 2009, expenditures for hospital care in Idaho, Utah and Wyoming collectively accounted for 41 percent of the region's hospital expenditures, and grew annually at 8.4, 8.2, and 7.8 percent, respectively, between 2004 and 2009.

### **All Payers: Physician and Clinical Services**

In 2009, the share of total personal health care expenditures accounted for by physician spending was highest in the Far West region at 28.9 percent compared to the national average of 24.2 percent.

The Far West region also had the fastest average annual growth in spending for physician services, increasing 6.3 percent from 2004 to 2009 compared to 5.1 percent nationally. California accounted for 71 percent of the region's physician expenditures in 2009 and grew 6.4 percent annually from 2004 through 2009. In addition, three other states in this region (Alaska, Hawaii, and Washington) grew fast over the period (6.9, 7.0, and 6.8 percent, respectively) comprising 17 percent of hospital spending in the region.

### **All Payers: Prescription Drugs**

In 2009, the share of total personal health care expenditures accounted for by prescription drugs was highest in the Southeast region at 14.0 percent compared to 12.0 percent nationally. On the other hand, between 2004 and 2009, prescription drug spending growth was fastest in the Southwest region at 9.0 percent, or 3.4-percentage points faster than the national average.

More than a quarter of the Southeast region's 2009 prescription drug spending occurred in Florida, while Georgia, North Carolina, and Tennessee accounted for nearly a third. In the Southwest region, Texas accounted for more than two-thirds of prescription drug spending and grew 9.6 percent annually between 2004 and 2009.

## **Medicare**

Total U.S. Medicare personal health care spending grew 9.4 percent on average per year from 2004 to 2009, with the fastest growth in Idaho (11.8 percent) and slowest in North Dakota (6.8 percent).

Hospital care and physician and clinical services accounted for 70 percent of total Medicare personal health care spending in the U.S. in 2009. The share of spending on these services was highest in the Mideast region, accounting for 72.2 percent of that region's total personal health care spending. The shares in four out of the five states in the region (and District of Columbia) were above the U.S. average for 2009. The share of spending on these services was the lowest for the Southwest region at 67.8 percent, with three of the four states in the region having a below-national-average share in 2009.

For Medicare hospital services, spending in the Far West region grew the fastest on average between 2004 and 2009, increasing 7.0 percent compared to 5.9 percent nationally. In 2009, California Medicare hospital expenditures accounted for nearly three quarters of Medicare hospital expenditures in the Far West region, and grew 7.1 percent annually from 2004 to 2009.

Medicare physician expenditures grew the fastest in the Rocky Mountain region between 2004 and 2009, averaging 7.8 percent growth each year compared to U.S. growth of 6.5 percent. Colorado accounted for the majority of this region's Medicare physician spending with a 52 percent share in 2009.

The implementation of Medicare Part D increased Medicare prescription drug spending from 1.2 percent of total U.S. Medicare personal health care expenditures in 2005 to 10.4 percent in 2006. By 2009, the Plains region had the highest share of Medicare spending on prescription drugs, reaching 12.8 percent, while the Southwest held the lowest share of 10.5 percent.

## **Medicaid**

Reflecting poor economic conditions, total U.S. Medicaid personal health care spending grew 9.2 percent in 2009, which was the fastest growth since 2002 (a year after the previous recession). Medicaid spending in the Great Lakes region grew the fastest in 2009 at 13.7 percent, while it grew slowest in the Mideast region at 6.7 percent.

Medicaid hospital services accounted for 39.4 percent of Medicaid total personal health care spending in 2009, while other health, residential, and personal care accounted for 18.6 percent of spending. For hospital services, the share was highest for the Southwest region at 48.3 percent. Three out of four states in the region (except Oklahoma) had higher than the national average share for these services as a percent of total personal health care spending. For other health, residential, and personal care, the share was highest in New England, at 24.3 percent, with every state in the region having an above average share (except Vermont).

For Medicaid hospital services, spending in the Southwest region grew faster than any other region from 2004 to 2009, averaging 12.2 percent compared to 6.9 percent nationally. In 2009, Texas accounted for more than half of Medicaid hospital expenditures in the Southwest region, and grew 10.5 percent annually between 2004 and 2009.

The Far West region experienced the fastest Medicaid spending growth in other health, residential, and personal care from 2004 to 2009, averaging 9.8 percent compared to 6.7 percent spending growth nationally. Driving the growth in the Far West region was California, whose Medicaid other health, residential, and personal care spending increased 10.3 percent compared to the national average of 6.7 percent and whose 2009 expenditures represented nearly two-thirds of Medicaid other health, residential, and personal care spending in the region.

---

<sup>1</sup> Wilson, J. Vermont Health Care Reform Aims for More Coverage, Less Expense, and Better Care. *Annals of Internal Medicine*. 2008 May 8. Volume 148 (10).797-800.

<sup>2</sup> Bielaszka-DuVernay, C. Vermont's Blueprint For Medical Homes, Community Health Teams, And Better Health At Lower Cost. *Health Affairs*, 30, no.3 (2011):383-386