

**State Health Expenditure Accounts  
by Provider Location  
2004 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. The District of Columbia is excluded from this analysis.)*

**All Payers: Total Personal Health Care**

- Total U.S. personal health care spending grew 7.3 percent in 2004 to \$1,551 billion. Between 2000 and 2004, U.S. personal health care spending grew, on average, 8.0 percent per year, with Nevada growing the fastest (12.2 percent) and Louisiana growing the slowest (6.0 percent).
- Between 2000 and 2004, Nevada's expenditures grew faster than the U.S. average for all services except Other Personal Health Care. Nevada's fast growth can be attributed to rapid population growth. Between 2000 and 2004, Nevada's resident population increased almost four times the national average (3.7 percent annually versus 1.0 percent for the U.S.).
- Average annual spending growth in Louisiana from 2000 to 2004 was slow for hospital care, physician services, and prescription drugs, with growth below the U.S. average in all three services.
- California's personal health care spending was highest in the nation, representing 10.8 percent of total U.S. personal health care spending in 2004. Comparing State rankings for 1990, 2000, and 2004, California topped the list in all three years. Other top States in 1990, 2000, and 2004 were New York, Texas, Florida, and Pennsylvania.
- Wyoming's personal health care spending was lowest in the nation, just 0.1 percent of total U.S. personal health care spending in 2004. Expenditures in Wyoming were also the lowest in the U.S. in 1990 and 2000. In 2000 and 2004, the bottom five States remained the same: South Dakota, Alaska, North Dakota, Vermont, and Wyoming.
- Gross State Product (GSP) measures the value of goods and services produced in each State. Health spending as a share of a State's GSP shows the importance of the health care sector in that State's economy. As a share of GSP, West Virginia ranked the highest (20.3 percent) and Wyoming ranked the lowest (9.4 percent) in 2004. All States except Delaware and Wyoming spent 10 percent or more of their GSP on health care in 2004.

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

- In 2004, the Plains region (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota) had the highest share of total personal health care expenditures for hospital care (38.4 percent) compared to the U.S. average (36.5 percent). The four States with the highest hospital share of their State's total health care spending in this region were: South Dakota (44.2 percent), Missouri (42.1 percent), North Dakota (43.1 percent) and Nebraska (40.9 percent).
- Average annual growth for hospital services from 2000 to 2004 was fastest in the Rocky Mountain region (Colorado, Idaho, Montana, Utah, and Wyoming), increasing 9.2 percent compared to 8.0 percent nationally. Growth was primarily driven by spending in two States: Colorado and Utah. In 2004, Colorado expenditures for hospital care accounted for almost half of the Rocky Mountain region's hospital expenditures, and grew 9.1 percent annually from 2000 to 2004.

### **All Payers: Physician Services**

- In 2004, the share of total personal health care expenditures for physician spending was highest in the Far West region (Alaska, California, Hawaii, Nevada, Oregon, and Washington), 29.6 percent compared to the national average of 25.4 percent.
- The Rocky Mountain region (Colorado, Idaho, Montana, Utah, and Wyoming) had the fastest average annual growth in spending for physician services, increasing 9.3 percent from 2000 to 2004 compared to 8.1 percent nationally. Colorado's spending accounted for over half of this region's physician expenditures in 2004, and grew 8.7 percent annually between 2000 and 2004.

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

- In 2004, the Southeast region (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia) spent 14.2 percent of its total personal health care expenditures on prescription drugs compared to 12.2 percent nationally. The Southeast's prescription drug expenditures also grew the fastest between 2000 and 2004 at 13.0 percent on average each year compared to 11.9 percent nationally. Almost one quarter of this region's prescription drug spending was from Florida, while Georgia, North Carolina, and Tennessee accounted for approximately one third of the region's drug spending in 2004.

### **Medicare**

- Total U.S. Medicare average annual growth was 8.8 percent from 2000 to 2004, with Nevada growing the fastest (13.1 percent) and Pennsylvania growing the slowest (6.2 percent) during this period.
- Hospital care and physician services accounted for 81.8 percent of total Medicare spending in the U.S. in 2004. This share was highest for the Plains region, accounting for 85.1 percent of that region's total personal health care spending.

For each State in the Plains region, the share of hospital services to total Medicare spending was higher than the U.S. average in 2004.

- For Medicare hospital services, the Southwest region (Arizona, New Mexico, Oklahoma, and Texas) grew the fastest on average between 2000 and 2004, increasing 9.0 percent compared to 7.5 percent nationally. In 2004, Texas Medicare hospital expenditures accounted for 67 percent of Medicare hospital expenditures in the Southwest, and grew 8.7 percent annually from 2000 to 2004.
- Medicare physician expenditures grew the fastest in the Rocky Mountain region between 2000 and 2004, averaging 10.0 percent growth each year compared to U.S. growth of 8.7 percent. Colorado accounted for the majority of this region's Medicare physician spending with a 55 percent share in 2004.

### **Medicaid**

- Total U.S. Medicaid spending grew 9.6 percent annually from 2000 to 2004, with fastest growth in Arizona (21.1 percent) and slowest growth in Oregon (4.1 percent).
- Medicaid hospital services and nursing home care accounted for 55.0 percent of Medicaid total personal health care spending in 2004. This share was highest for the Great Lakes region (Illinois, Indiana, Michigan, Ohio, and Wisconsin) at 60.3 percent. Both Illinois and Ohio ranked among the highest States in the nation in their share of Medicaid hospital and nursing home spending as a percent of total Medicaid personal health care spending.
- For Medicaid hospital services, the Southwest region grew faster than any other region from 2000 to 2004, averaging 12.7 percent compared to 8.0 percent nationally. In 2004, Texas expenditures accounted for 57 percent of Medicaid hospital expenditures in the Southwest region, and grew 11.1 percent annually between 2000 and 2004. Also contributing to the Southwest's rapid growth was Arizona, which experienced 20.1 percent average annual growth from 2000 to 2004. This made it the second fastest growing State in the nation in Medicaid hospital expenditures behind only Georgia.
- The Far West region experienced the fastest Medicaid nursing home spending growth from 2000 to 2004, averaging 7.0 percent compared to 5.2 percent nationally. During this period, growth in Alaska was fastest at 17.6 percent; however, its share of total Medicaid nursing home expenditures was very small (0.1 percent). Driving the growth in the Far West region was California, whose Medicaid nursing home spending grew two times faster than the national average and whose 2004 expenditures represented 75 percent of Medicaid nursing home spending in the Far West.