

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 fluctuate between 2001 and 2003, with managed care's share of total benefit payments accounting for 17.8 percent in 2001, decreasing to 13.6 percent in 2002 and then increasing to 14.0 percent in 2003.*
- o Medicare FFS benefit payments for inpatient hospital care are projected to increase 6.5 percent from fiscal year 2001 to 2002. During the same period of time, FFS physician and supplier payments under Medicare are expected to increase 9.7 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 40.3 percent in 2002.*
- o The financing for home health care shifted dramatically from Part A to Part B because of the Balanced Budget Act of 1997. In 2002, Part A HHA benefit payments accounted for \$5.4 billion, a decline of 33.8 percent from \$4.1 billion in 2001. Comparably, Part B HHA payments increased from \$5.2 billion in 2001 to nearly \$6.8 billion in 2002, an increase of 29.7 percent.*
- o Total Medicaid payments increased by 73 percent from 1985 to 1990 and by another 135.3 percent from 1990 to 1999 to reach \$152.6 billion in 1999.*

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 outpatient and physician services.*
- o In 2001, the CPI for all items increased by 3.2 percent, the same rate of increase as the previous year. The percent increases for outpatient and physician services in 2001 were 6.8 and 3.7, respectively, compared to 6.9 and 3.4 in 2000.*
- o Public funding for NHE has grown significantly from 24.9 percent in 1965 to 45.2 percent in 2000.*
- o Likewise, private funding for NHE declined from 75.1 percent in 1965 to 54.8 percent in 2000.*