

Progression of Health Spending in USA Across 2006-2016: Overall, Medicaid, Medicare and Private Sector

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The Menges Group

Introduction

- This edition of our 5 Slide Series looks at the progression of health expenditures across the past ten years.
- Our tabulations on the following pages are shown in a similar format for the following groups:
 - USA overall
 - Medicaid
 - Medicare
 - Remaining “private sector” population (everyone except those covered by Medicaid and/or Medicare). This group includes privately insured individuals, those covered by government-sponsored programs other than Medicaid and Medicare, and persons with no health insurance.
- Data sources used include CMS published National Health Expenditures figures, US Census data and CMS published data on Medicare and Medicaid enrollment levels.

Overall Health Spending, 2006-2016

Year	National Health Expenditure (\$ Billions)	Total US Population	Health Expenditure Per Resident
2006	\$2,157	298,593,212	\$7,233
2007	\$2,296	301,579,895	\$7,628
2008	\$2,399	304,374,846	\$7,897
2009	\$2,495	307,006,550	\$8,141
2010	\$2,596	310,232,863	\$8,404
2011	\$2,688	312,917,000	\$8,638
2012	\$2,795	315,917,100	\$8,915
2013	\$2,878	317,474,000	\$9,110
2014	\$3,029	319,849,000	\$9,515
2015	\$3,206	322,060,100	\$9,990
2016	\$3,356	324,304,400	<i>\$10,373</i>
Avg Annual Change			
2006 - 2016	4.5%	0.8%	3.7%
2006 - 2011	4.5%	0.9%	3.6%
2011 - 2016	4.5%	0.7%	3.7%

- Across the past 10 years, overall health spending has risen fairly steadily at an average increase of 4.5% per year. The largest single-year increase was 6.5% in 2007; the smallest was 2.9% in 2013.
- About one-fourth of the overall expenditure increases were driven by population growth, which averaged just under 1% per year.
- Per capita health expenditures increased by an annual average of 3.7% from 2006-2016.
- 2016 costs are estimated to increase at the average rate of increase that occurred from 2006-2015. These estimated figures are italicized.

Medicaid Spending, 2006-2016

Year	USA Medicaid Expenditures (\$ Billions)	US Medicaid Population	Medicaid Expenditures Per Beneficiary
2006	\$306.6	46,668,677	\$6,569
2007	\$325.8	46,417,326	\$7,018
2008	\$344.2	47,664,812	\$7,222
2009	\$374.4	50,867,977	\$7,361
2010	\$397.2	54,544,125	\$7,283
2011	\$406.7	55,795,311	\$7,290
2012	\$422.7	57,297,543	\$7,378
2013	\$445.4	54,919,100	\$8,110
2014	\$497.2	61,650,400	\$8,064
2015	\$545.1	62,384,500	\$8,738
2016	<i>\$581.1</i>	<i>64,429,148</i>	<i>\$9,020</i>
Avg Annual Change			
2006 - 2016	6.6%	3.3%	3.2%
2006 - 2011	5.8%	3.6%	2.1%
2011 - 2016	7.4%	2.9%	4.4%

- Across the past 10 years, Medicaid spending has risen at an average increase of 6.6% per year. The largest single-year increase (in 2014, driven by the adoption of Medicaid expansion in roughly half the states) was 11.6%; the smallest was 2.4% in 2011.
- Half of the Medicaid expenditure increases were driven by growth in the program's covered population, which averaged 3.3% per year including a 12.3% increase in 2014.
- Medicaid's per capita health expenditures increased by an annual average of 3.2% from 2006-2016; Medicaid spending per covered beneficiary *decreased* by 0.6% in 2014.
- 2016 costs are estimated to increase at the average rate of increase that occurred from 2006-2015. These estimated figures are italicized.

Medicare Spending, 2006-2016

Year	USA Medicare Expenditures (\$ billions)	USA Medicare Population	Medicare Expenditures Per Beneficiary
2006	\$403.7	42,499,593	\$9,499
2007	\$432.8	44,263,111	\$9,778
2008	\$467.0	45,411,883	\$10,284
2009	\$498.9	46,520,716	\$10,724
2010	\$519.3	47,664,048	\$10,895
2011	\$546.3	48,849,404	\$11,183
2012	\$569.5	50,828,609	\$11,204
2013	\$590.4	52,506,598	\$11,244
2014	\$618.5	54,095,565	\$11,433
2015	\$646.2	55,504,005	\$11,642
2016	\$680.9	57,175,042	\$11,909
Avg Annual Change			
2006 - 2016	5.4%	3.0%	2.3%
2006 - 2011	6.2%	2.8%	3.3%
2011 - 2016	4.5%	3.2%	1.3%

- Across past 10 years, Medicare spending has risen fairly steadily at an average increase of 5.4% per year. The largest single-year increase was 7.9% in 2008; the smallest was 3.7% in 2013. As a side note (not affecting the averages in this report), Medicare expenditures increased 18.8% in 2006 versus 2005, driven by the introduction of Part D.
- More than half of the Medicare expenditure increases from 2006-2016 were driven by growth in the beneficiary population, which averaged 3% per year.
- Medicare's expenditures per beneficiary increased by an annual average of 2.3% from 2006-2016, but only by 1.3% per year on average from 2011-2016.
- 2016 costs are estimated to increase at the average rate of increase that occurred from 2006-2015. These estimated figures are italicized.

Private Health (non-Medicaid, non-Medicare) Spending, 2006-2016

Year	USA Private Sector (non-Medicare, non-Medicaid) Health Expenditures, \$ billions	USA Private Sector (non- Medicare, non- Medicaid) Population	USA Private Sector Expenditures Per Person
2006	\$1,446.2	217,424,942	\$6,651.6
2007	\$1,537.1	218,999,458	\$7,018.9
2008	\$1,587.9	219,498,151	\$7,234.1
2009	\$1,621.4	217,917,857	\$7,440.3
2010	\$1,679.9	216,424,690	\$7,761.9
2011	\$1,734.9	216,772,285	\$8,003.1
2012	\$1,803.2	216,390,948	\$8,332.9
2013	\$1,841.8	218,748,302	\$8,419.7
2014	\$1,913.6	212,903,035	\$8,988.3
2015	\$2,014.3	213,071,595	\$9,453.5
2016	<i>\$2,094.4</i>	<i>211,700,210</i>	<i>\$9,893.2</i>
Avg Annual Change			
2006 - 2016	3.8%	-0.3%	4.0%
2006 - 2011	3.7%	-0.1%	3.8%
2011 - 2016	3.8%	-0.5%	4.3%

- Across the past 10 years, private sector health spending has risen fairly steadily at an average increase of 3.8% per year. The largest single-year increase was 6.3% in 2007; the smallest was 2.1% in 2013.
- The size of the population not covered by Medicaid or Medicare has decreased from 2006-2016 by roughly 6 million persons or 0.3%. Medicaid added nearly 18 million persons during this timeframe; Medicare added nearly 15 million persons.
- Per capita health expenditures in the private sector increased by an annual average of 4% from 2006-2016. The largest annual increase was 6.8% in 2014, the smallest was 1.0% in 2013.
- 2016 costs are estimated to increase at the average rate of increase that occurred from 2006-2015. These estimated figures are italicized. We have estimated that 8 million persons were covered by both Medicaid and Medicare in 2006, increasing to 9 million dual eligibles as of 2016.

Summary Observations

- Health care costs have not risen all that sharply during the past 10 years. The average annual rate of increase in total national health expenditures has been 4.5%. The average rate of increase in per capita spending has been 3.7%.
- Collectively, Medicaid and Medicare accounted for 32.9% of national health spending in 2006. While this increased to 37.6% as of 2016, these large public programs' costs have not grown at a particularly troubling rate once aging of the population and Medicaid expansion are taken into account.
 - Across the 10-year timeframe 2006-2016, per capita costs increased at an average annual rate of 2.3% in Medicare, 3.2% in Medicaid, and 4.0% in the rest of the population.

5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements.

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Alex Poulouse was instrumental in putting the data together for this edition.