

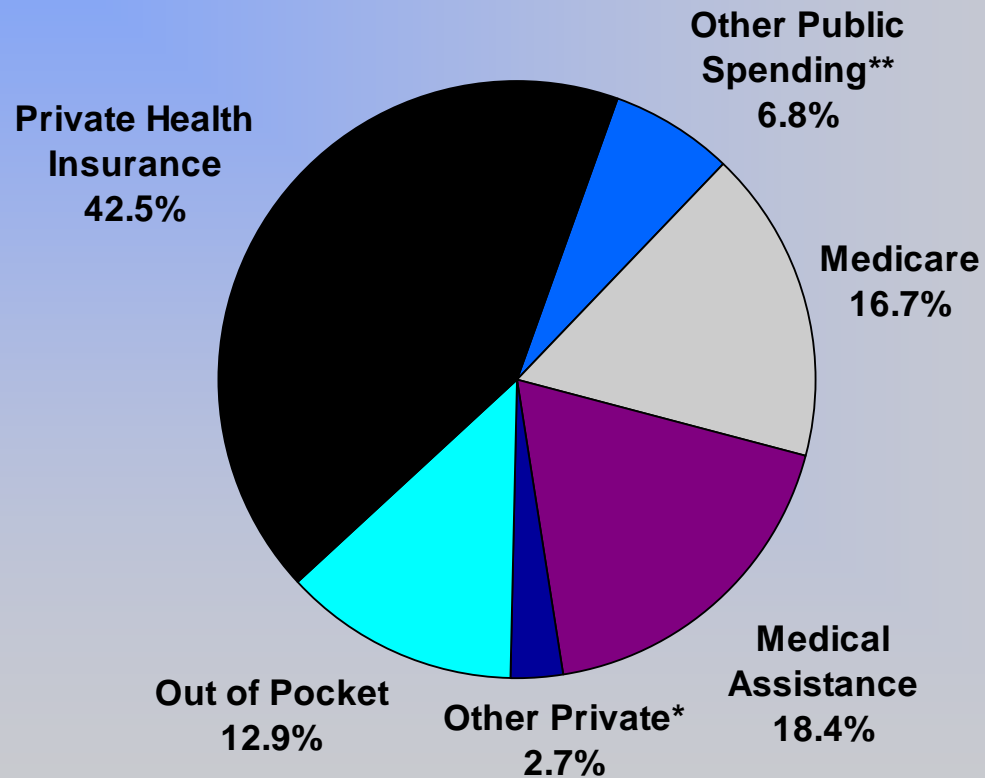
Section 1: Minnesota Health Care Spending and Cost Drivers

- ★ Minnesota health care spending by source of funds
- ★ Minnesota health care spending by type of service
- ★ Minnesota/U.S. health care spending comparisons
- ★ Minnesota private market trends: premiums, spending, and cost drivers

Minnesota Health Care Spending by Source of Funds

Minnesota Health Care Spending by Source of Funds, 2008

Total Spending \$35.1 Billion



*Other major private payers include, private worker's compensation and auto medical insurance.

**Major components of other public spending are MinnesotaCare, General Assistance Medical Care, government worker's compensation, Veteran Administration and Minnesota Comprehensive Health Association.

Source: MDH Health Economics Program

Minnesota Health Spending by Source of Funds, 2004 to 2008

Millions of Dollars

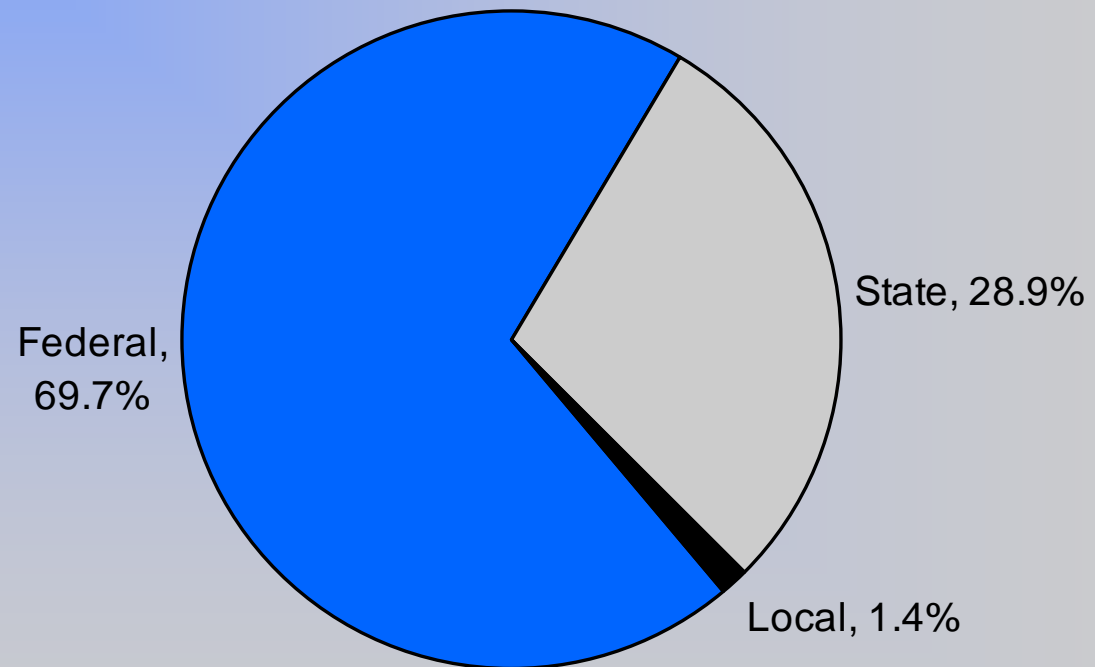
	2004	2005	2006	2007	2008
Public Spending, Total	\$11,135	\$11,782	\$12,620	\$13,627	\$14,747
Medicare	\$4,016	\$4,482	\$4,963	\$5,414	\$5,871
Medicaid	\$5,104	\$5,300	\$5,593	\$5,996	\$6,472
Other Public Spending	\$2,016	\$1,999	\$2,065	\$2,217	\$2,404
Private Spending, Total	\$16,338	\$17,357	\$18,417	\$19,615	\$20,402
Private Health Insurance	\$11,584	\$12,440	\$13,463	\$14,323	\$14,925
Out of Pocket	\$3,895	\$4,040	\$4,083	\$4,386	\$4,529
Other Private	\$859	\$877	\$871	\$905	\$948
Total	\$27,473	\$29,139	\$31,037	\$33,242	\$35,149

Shares of Minnesota Health Spending by Source of Funds, 2004 to 2008

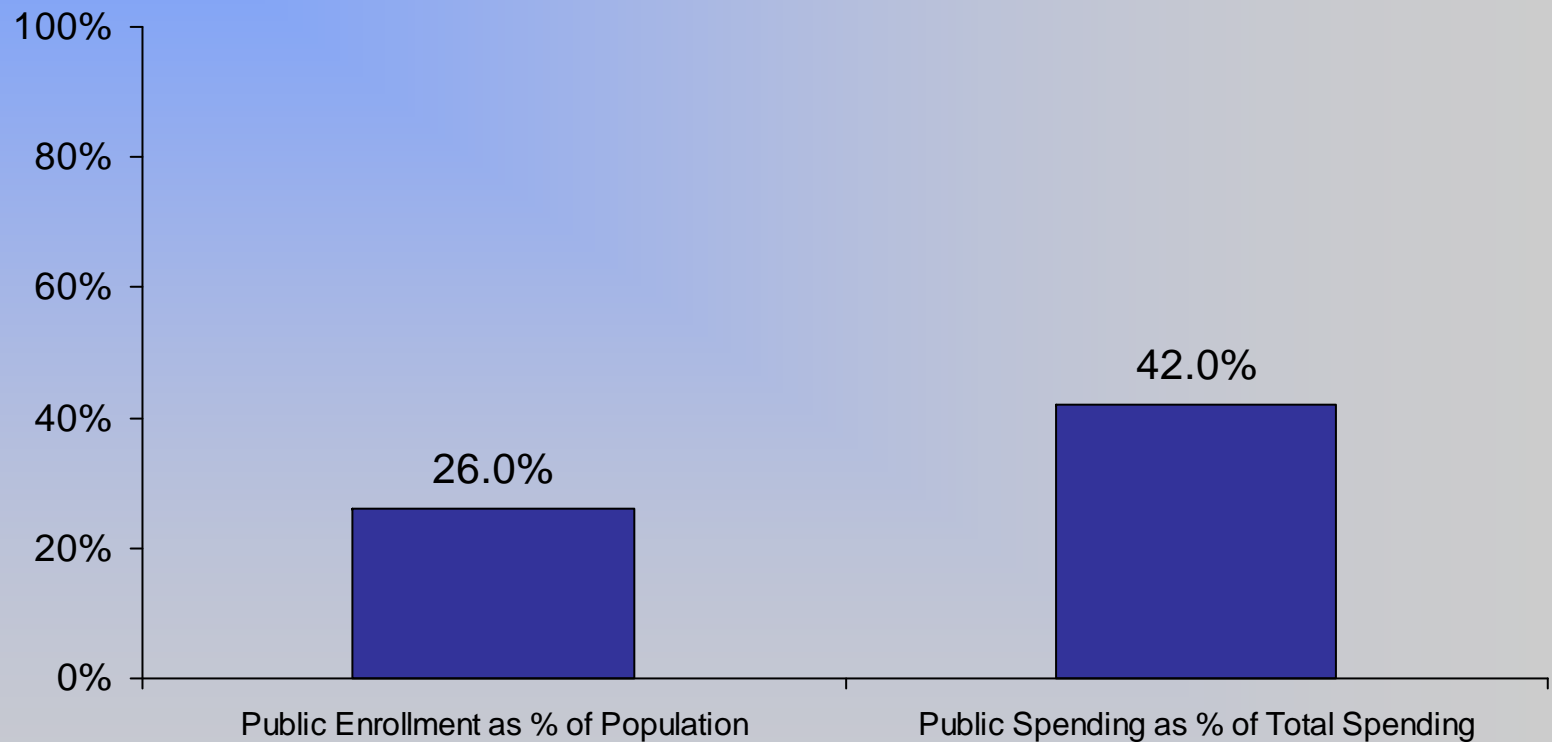
	2004	2005	2006	2007	2008
Public Spending	40.5%	40.4%	40.7%	41.0%	42.0%
Medicare	14.6%	15.4%	16.0%	16.3%	16.7%
Medicaid	18.6%	18.2%	18.0%	18.0%	18.4%
Other Public Spending	7.3%	6.9%	6.7%	6.7%	6.8%
Private Spending	59.5%	59.6%	59.3%	59.0%	58.0%
Private Health Insurance	42.2%	42.7%	43.4%	43.1%	42.5%
Out of Pocket	14.2%	13.9%	13.2%	13.2%	12.9%
Other Private	3.1%	3.0%	2.8%	2.7%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Public Spending for Health Care in Minnesota: Federal, State, and Local Shares, 2008

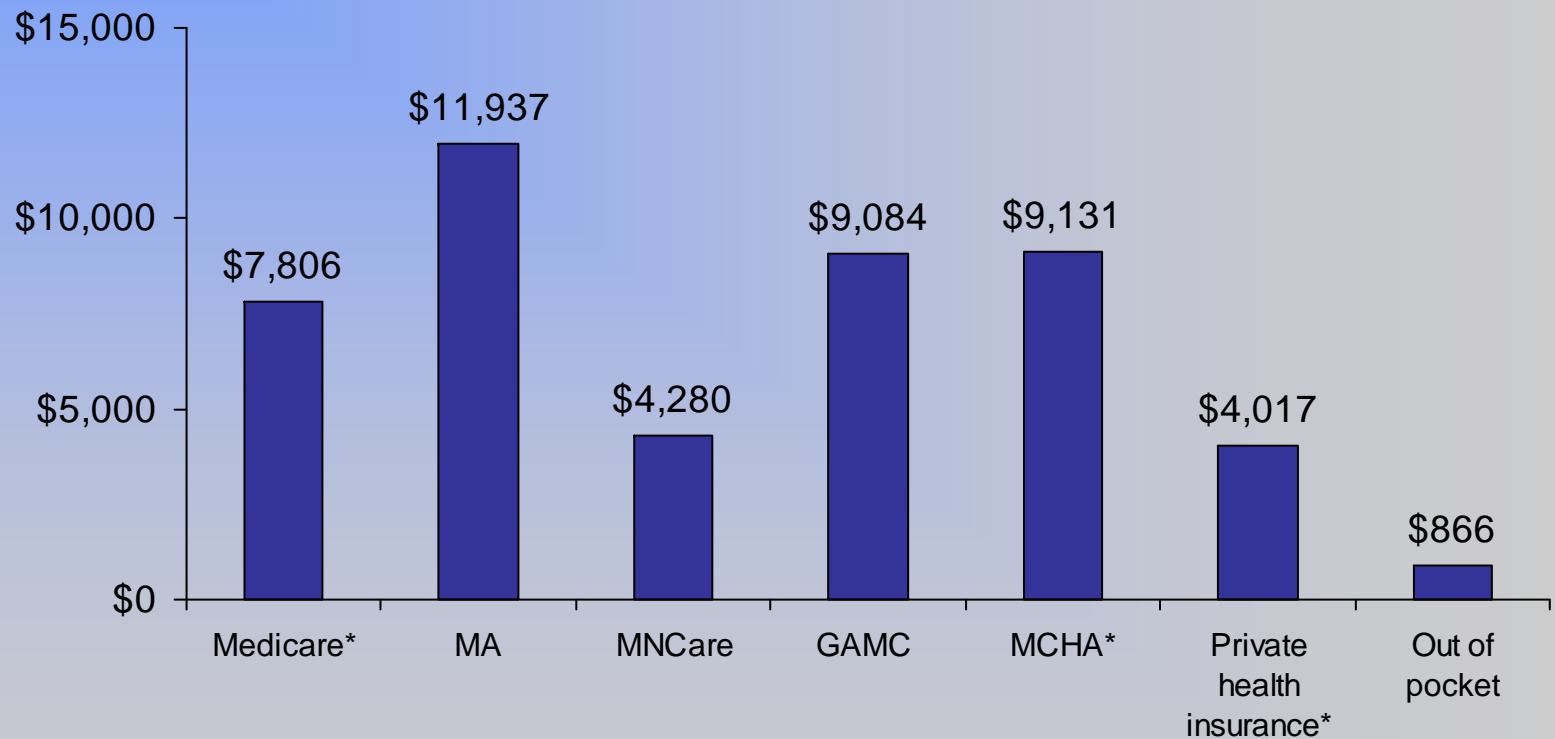
Total Public Spending in 2007: \$14.7 Billion



Public Programs' Share of Population vs. Share of Health Care Spending, 2008



Minnesota Health Care Spending per Person by Payment Source, 2008

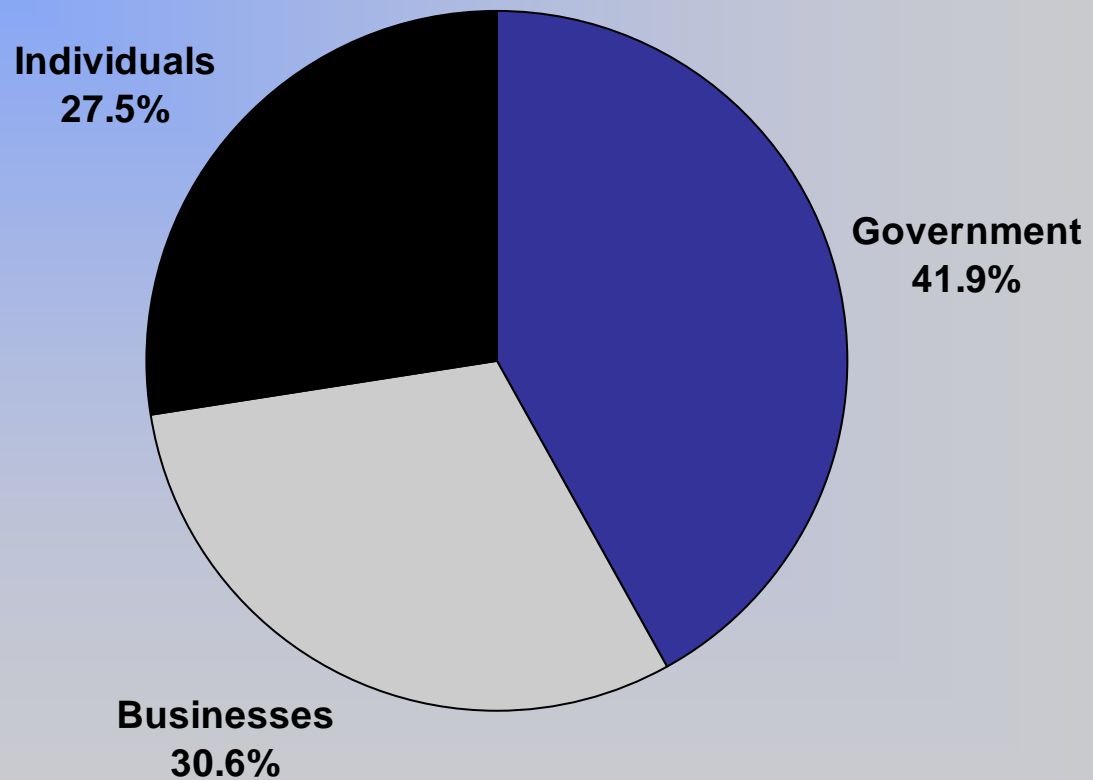


*Excludes Medicare Supplement insurance.

MA is Medical Assistance, GAMC is General Assistance Medical Care, MCHA is Minnesota Comprehensive Health Association. Individuals with dual coverage are included in each of the respective coverage option.

Source: MDH Health Economics Program

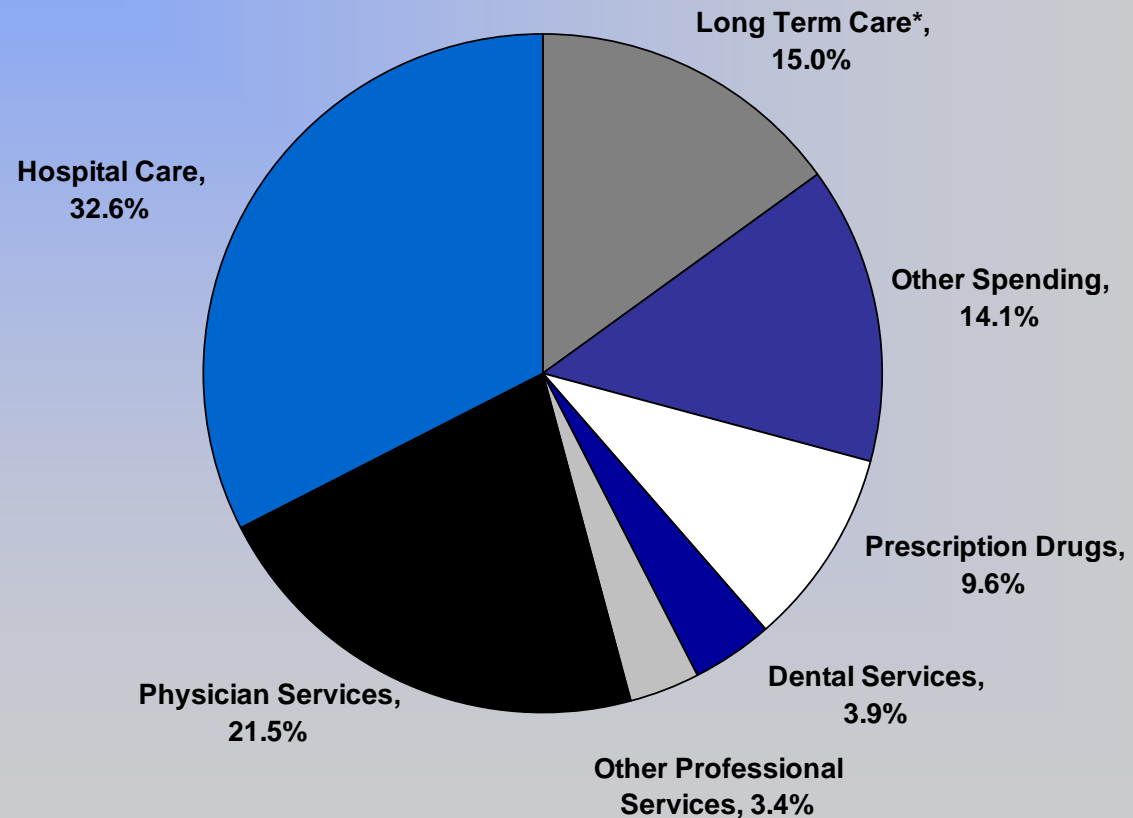
Shares of Health Care Spending Paid for by Businesses, Government, and Individuals, 2008



Minnesota Health Care Spending by Type of Service

Minnesota Health Care Spending by Type of Service, 2008

Total Spending \$35.1 Billion



*includes home health care
Source: MDH Health Economics Program

Minnesota Health Care Spending by Type of Service, 2004 to 2008

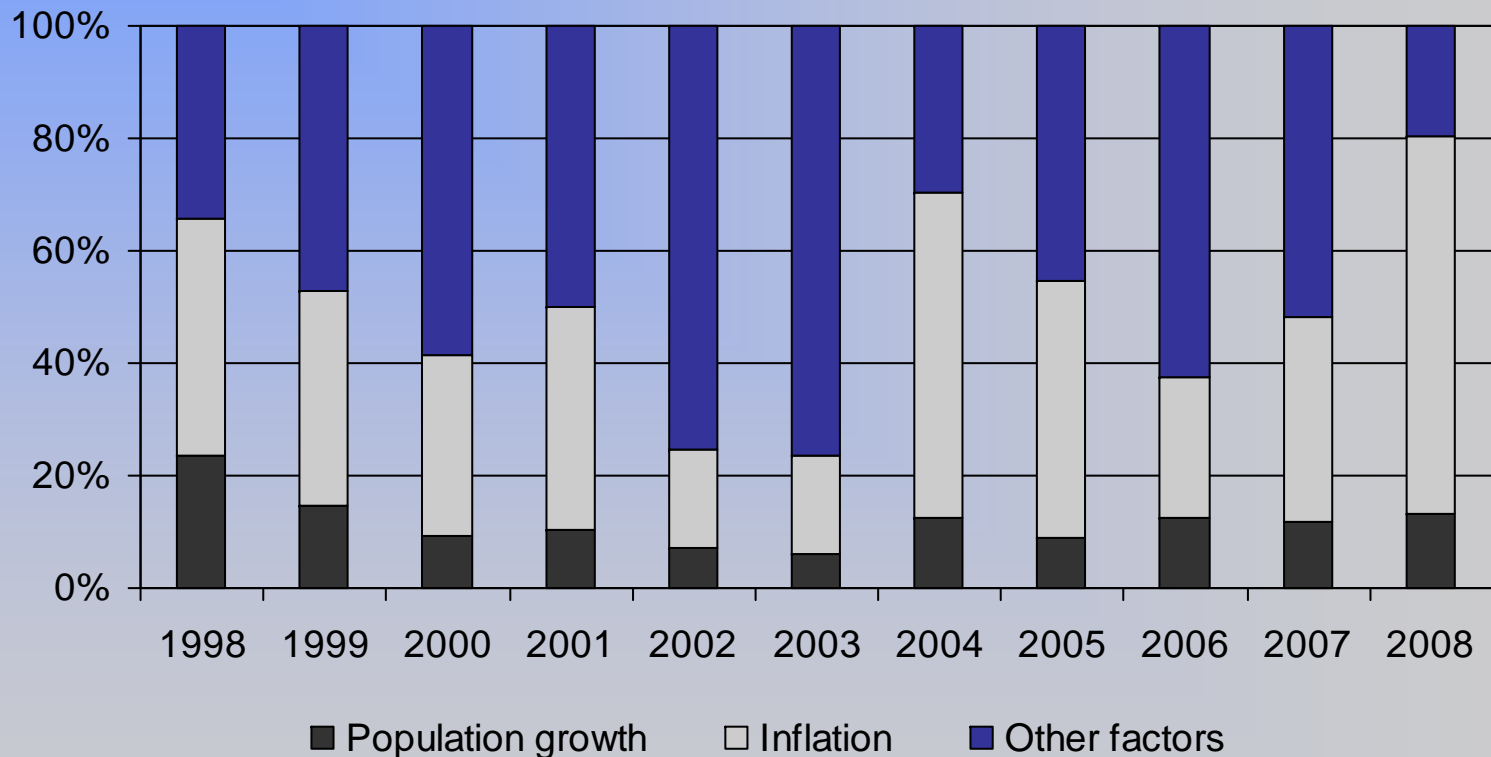
Spending in Millions of Dollars

Type of Service	2004	2005	2006	2007	2008
Inpatient Hospital	\$5,543	\$5,906	\$6,383	\$6,814	\$7,214
Outpatient Hospital	\$2,780	\$3,134	\$3,414	\$3,756	\$4,247
Physician Services	\$5,642	\$6,085	\$6,746	\$7,322	\$7,540
Long Term Care (incl. Home Care)	\$4,373	\$4,553	\$4,678	\$4,958	\$5,268
Prescription Drugs	\$3,426	\$3,502	\$3,474	\$3,462	\$3,378
Dental	\$975	\$1,107	\$1,166	\$1,280	\$1,356
Other Professional Services	\$807	\$894	\$1,022	\$1,112	\$1,208
Other Spending	\$3,927	\$3,957	\$4,174	\$4,537	\$4,939
Total	\$27,473	\$29,139	\$31,037	\$33,242	\$35,149
Growth from previous year	5.0%	6.1%	6.5%	7.1%	5.7%

Shares of Minnesota Health Care Spending by Type of Service, 2004 to 2008

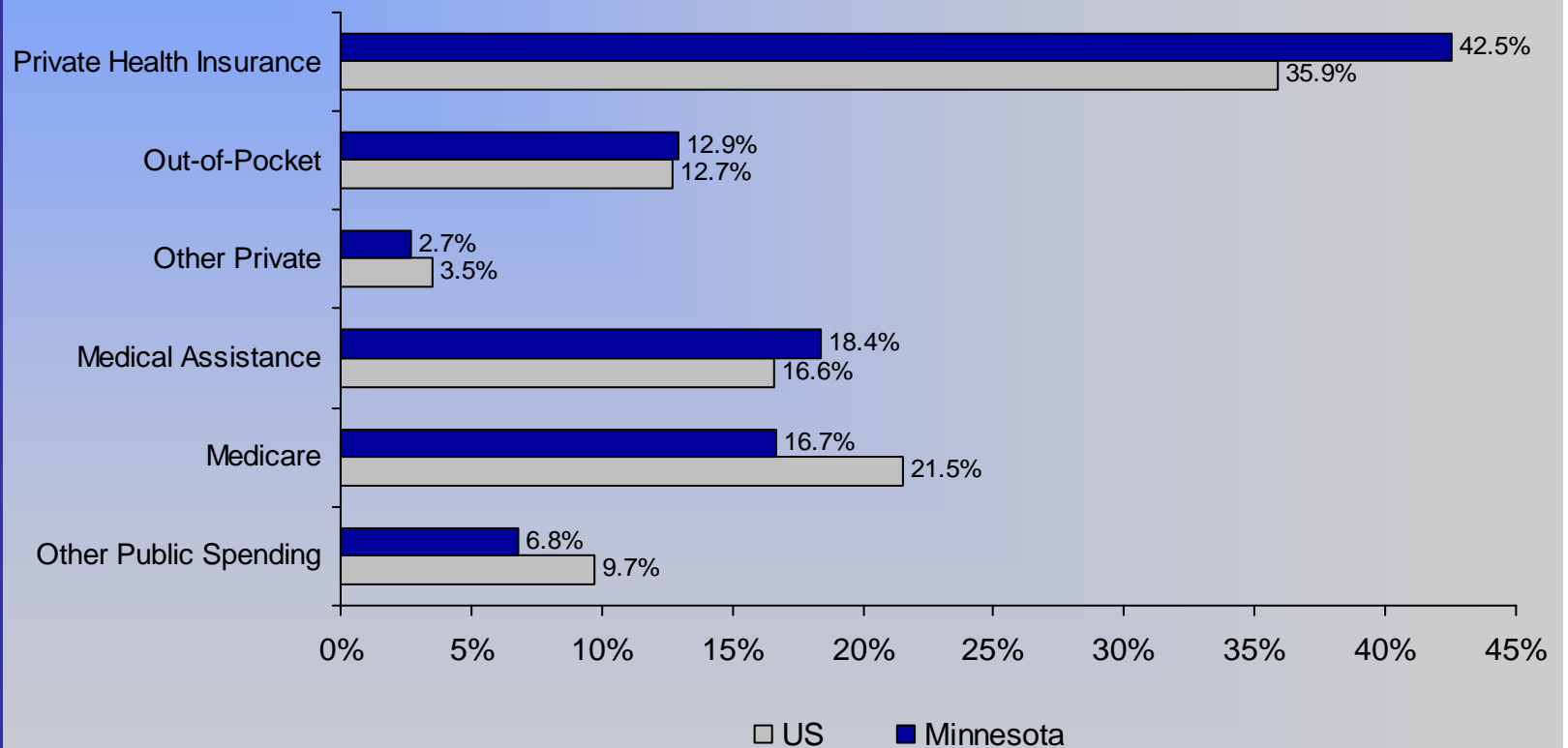
Type of Service	2004	2005	2006	2007	2008
Inpatient Hospital	20.2%	20.3%	20.6%	20.5%	20.5%
Outpatient Hospital	10.1%	10.8%	11.0%	11.3%	12.1%
Physician Services	20.5%	20.9%	21.7%	22.0%	21.5%
Long Term Care (incl. Home Care)	15.9%	15.6%	15.1%	14.9%	15.0%
Prescription Drugs	12.5%	12.0%	11.2%	10.4%	9.6%
Dental	3.5%	3.8%	3.8%	3.9%	3.9%
Other Professional Services	2.9%	3.1%	3.2%	3.3%	3.4%
Other Spending	14.3%	13.6%	13.4%	13.6%	14.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Factors Accounting for Health Care Spending Growth in Minnesota, 1998 to 2008

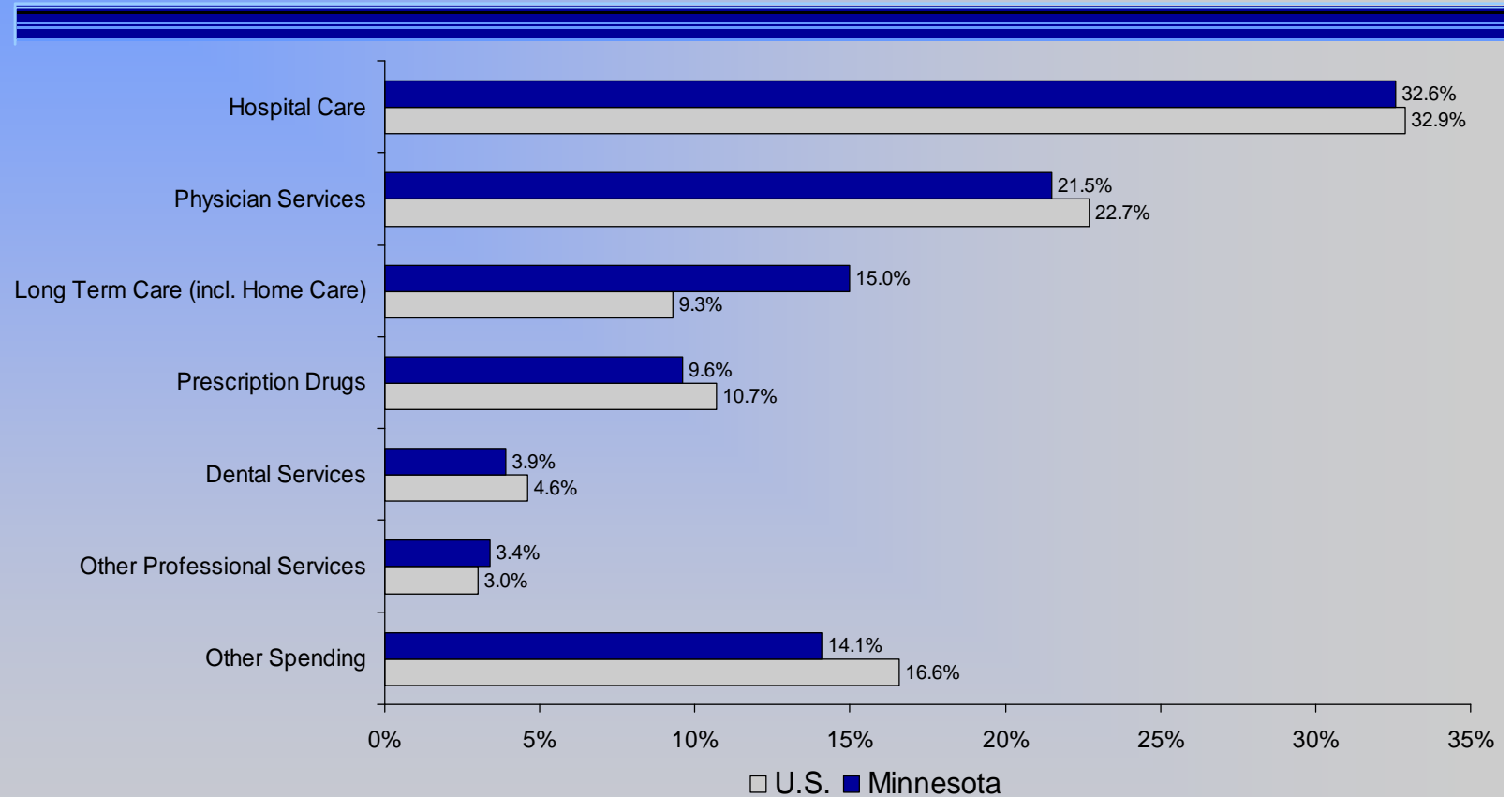


Minnesota/U.S. Health Care Spending Comparisons

Minnesota and U.S. Health Care Spending: Where It Came From, 2008



Minnesota and U.S. Health Care Spending: Where it Went, 2008



Some spending included in hospital services in the national estimate is defined as long term care spending in the Minnesota estimates.

Sources: MDH Health Economics Program and Centers for Medicare and Medicaid Services (estimated spending for health services and supplies).

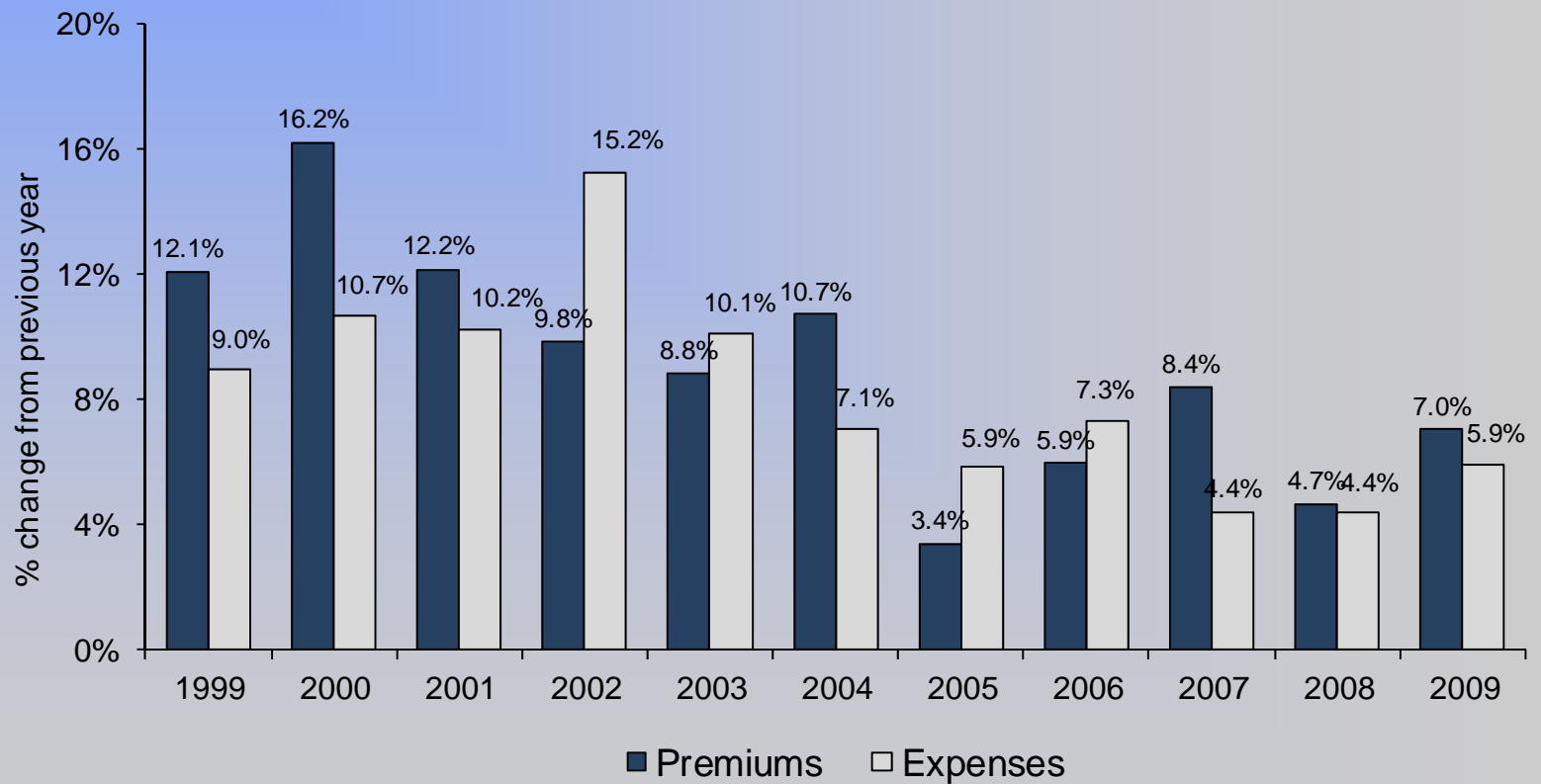
Health Care Spending Per Capita and as a Share of the Economy, Minnesota and U.S.

	2004	2005	2006	2007	2008
Per Capita Health Care Spending:					
Minnesota	\$5,409	\$5,706	\$6,029	\$6,403	\$6,720
U.S.	\$5,916	\$6,262	\$6,616	\$6,929	\$7,166
Health Care Spending as a Share of the Economy:					
Minnesota	12.3%	12.5%	12.9%	13.2%	13.4%
U.S.	14.6%	14.7%	14.7%	14.8%	15.1%

Minnesota Private Market Trends: Premiums, Spending, and Cost Drivers

Growth in Private Health Insurance Premiums and Health Care Spending

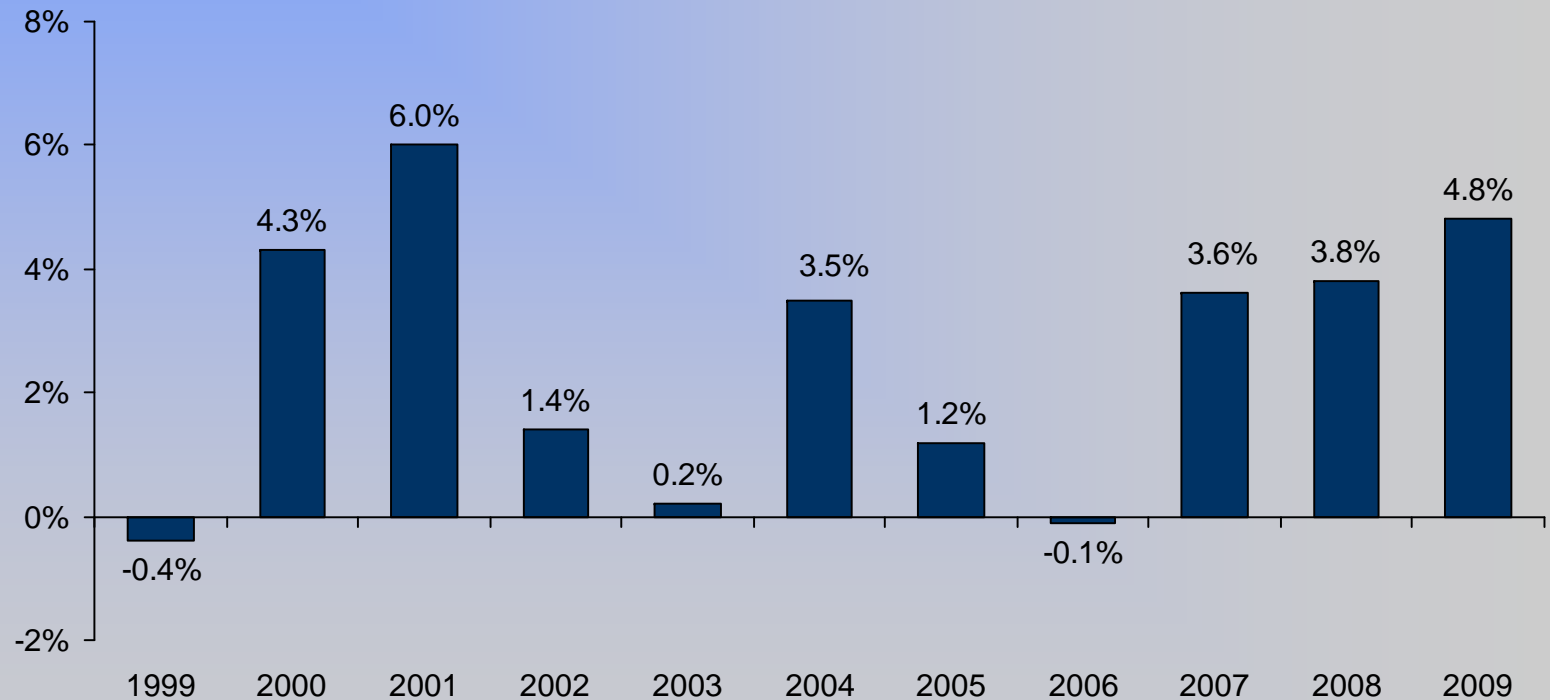
Per Minnesota Resident With Private Health Insurance



Fully-insured market only.
Source: MDH Health Economics Program.

Difference Between Per Person Premiums and Spending as a Percent of Revenue

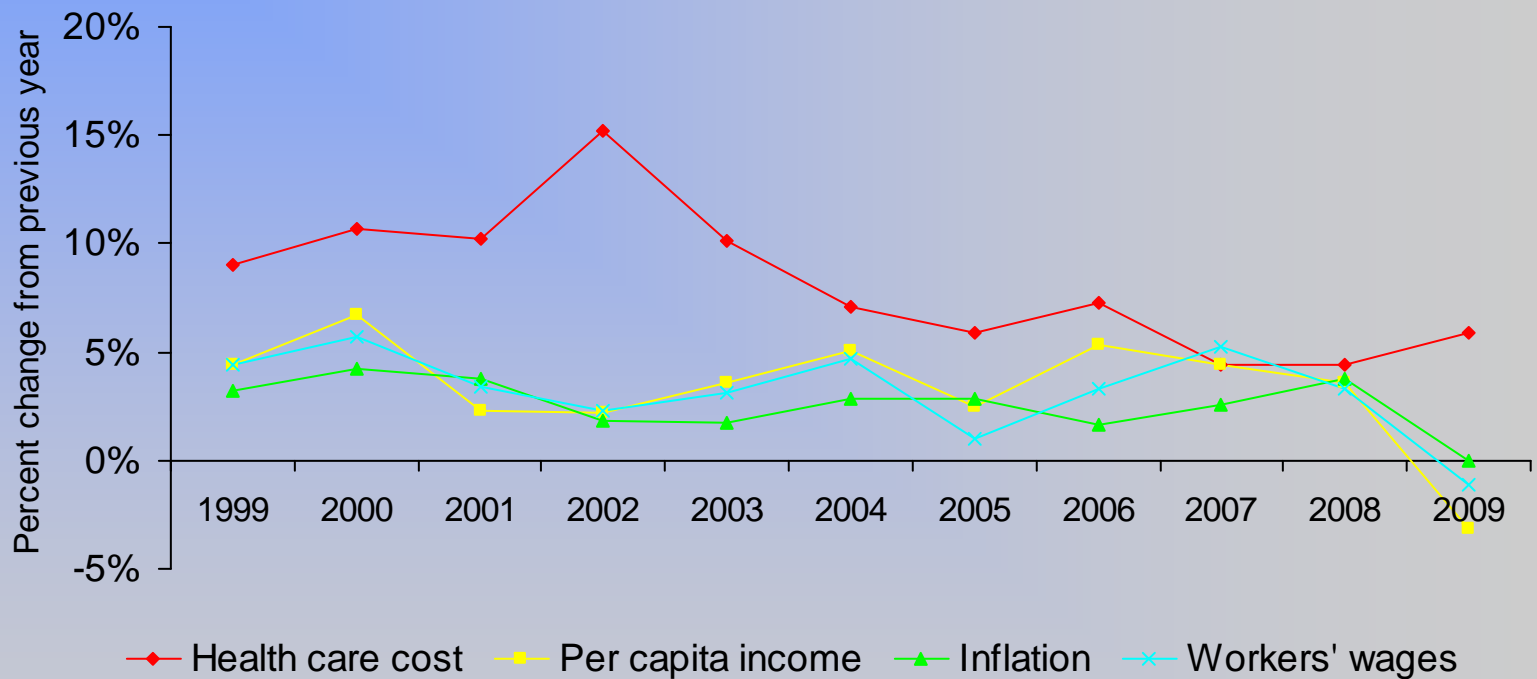
Minnesota Fully-Insured Private Market



Note: A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums.

Source: MDH Health Economics Program.

Key Minnesota Health Care Cost and Economic Indicators, 1999 to 2009

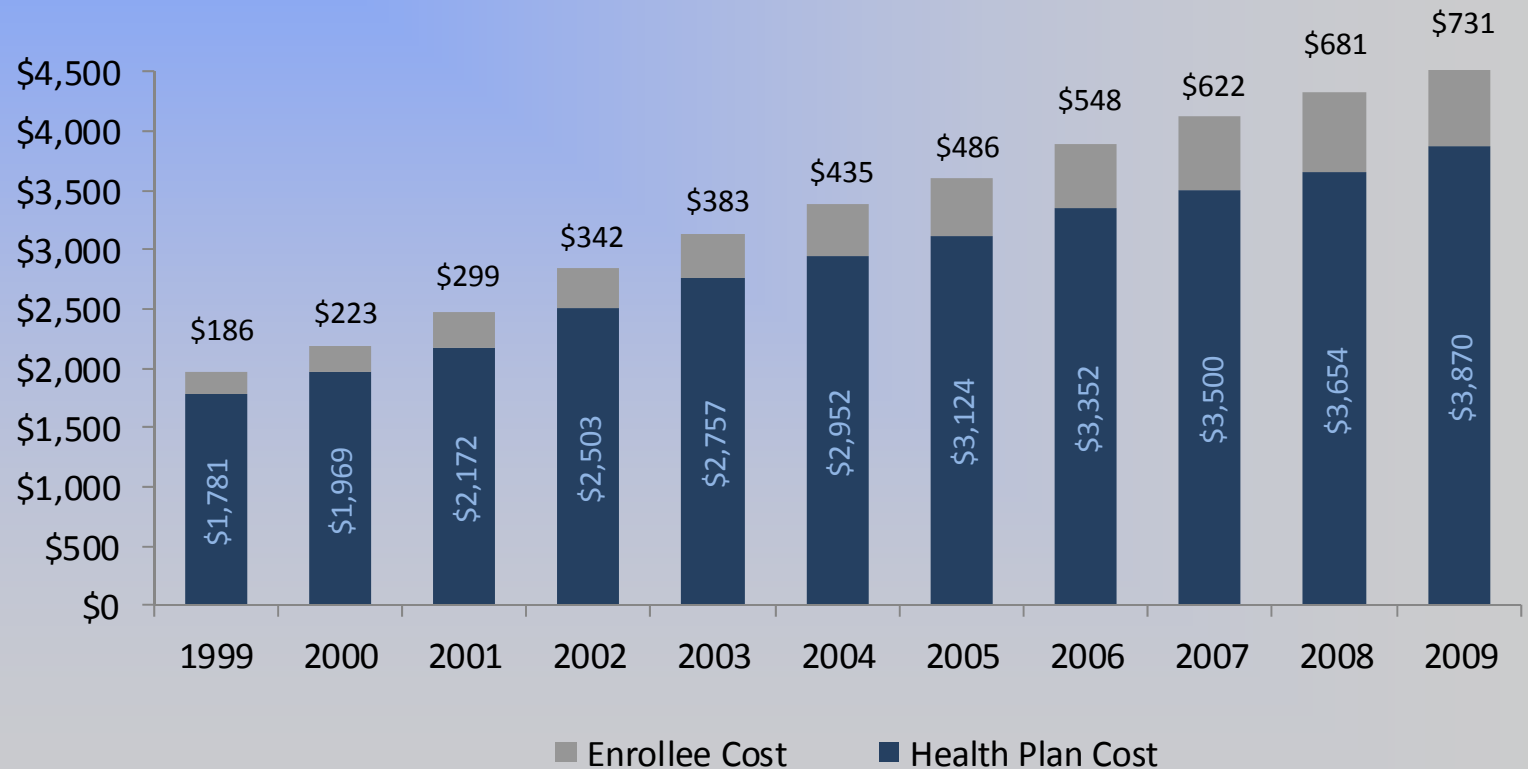


Health care cost is MN privately insured spending on health care services per person, and does not include enrollee out of pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Sources: Health care cost data from Minnesota Department of Health, Health Economics Program; per capita personal income from U.S. Department of Commerce, Bureau of Economic Analysis; inflation data from U.S. Bureau of Labor Statistics (consumer price index); workers' wages from MN Department of Employment and Economic Development

Total Cost Per Person and Health Plan & Enrollee Shares

Minnesota Fully-Insured Private Market



Health Care Cost Drivers: Spending Growth and Shares of Total Growth by Service, 2007 to 2009

Minnesota Fully-Insured Private Market

