

Chartbook Section 1

Minnesota Health Care Spending and Cost Drivers

Section 1: Minnesota Health Care Spending and Cost Drivers

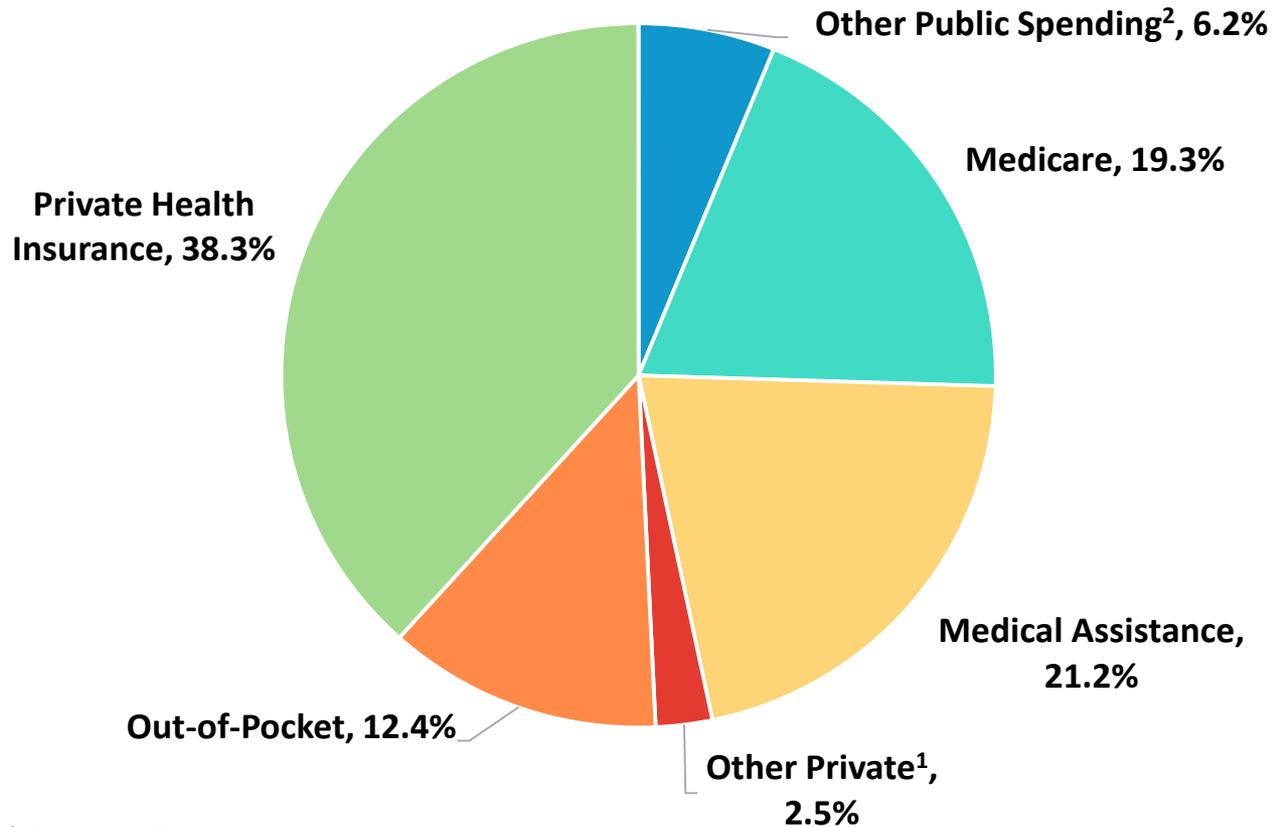
- Minnesota health care spending by source of funds
- Minnesota health care spending by type of service
- Minnesota/U.S. health care spending comparisons
- Minnesota private market trends: premiums, spending, and cost drivers

A summary of the charts and graphs contained within is provided at [Chartbook Summaries - Section 1](#). Direct links are listed on each page. Please contact the Health Economics Program at 651-201-3550 or health.hep@state.mn.us if additional assistance is needed for accessing this information.

MINNESOTA HEALTH CARE SPENDING BY SOURCE OF FUNDS

Minnesota Health Care Spending by Source of Funds, 2013

Total Spending \$40.9 Billion



Source: MDH Health Economics Program.

¹Other major private payers include private workers' compensation and auto medical insurance.

²Major components of other public spending include MinnesotaCare, government workers' compensation, and Veterans Administration.

[Summary of graph](#)

Minnesota Health Spending by Source of Funds, 2009 to 2013

Millions of Dollars	2009	2010	2011	2012	2013
Public Spending, Total	\$16,054	\$16,714	\$17,463	\$18,301	\$19,112
Medicare	\$6,564	\$6,889	\$7,157	\$7,632	\$7,908
Medicaid	\$7,006	\$7,249	\$7,915	\$8,216	\$8,677
Other Public Spending	\$2,484	\$2,576	\$2,391	\$2,454	\$2,527
Private Spending, Total	\$20,936	\$20,887	\$20,773	\$21,414	\$21,820
Private Health Insurance	\$15,174	\$15,199	\$15,068	\$15,512	\$15,695
Out-of-Pocket	\$975	\$964	\$966	\$1,001	\$1,043
Other Private	\$4,787	\$4,724	\$4,739	\$4,901	\$5,082
Total	\$36,990	\$37,601	\$38,236	\$39,715	\$40,933

Source: MDH Health Economics Program.

Detail may not sum to total due to rounding. Revisions to historic time series may lead to slight variation from previously published estimates.

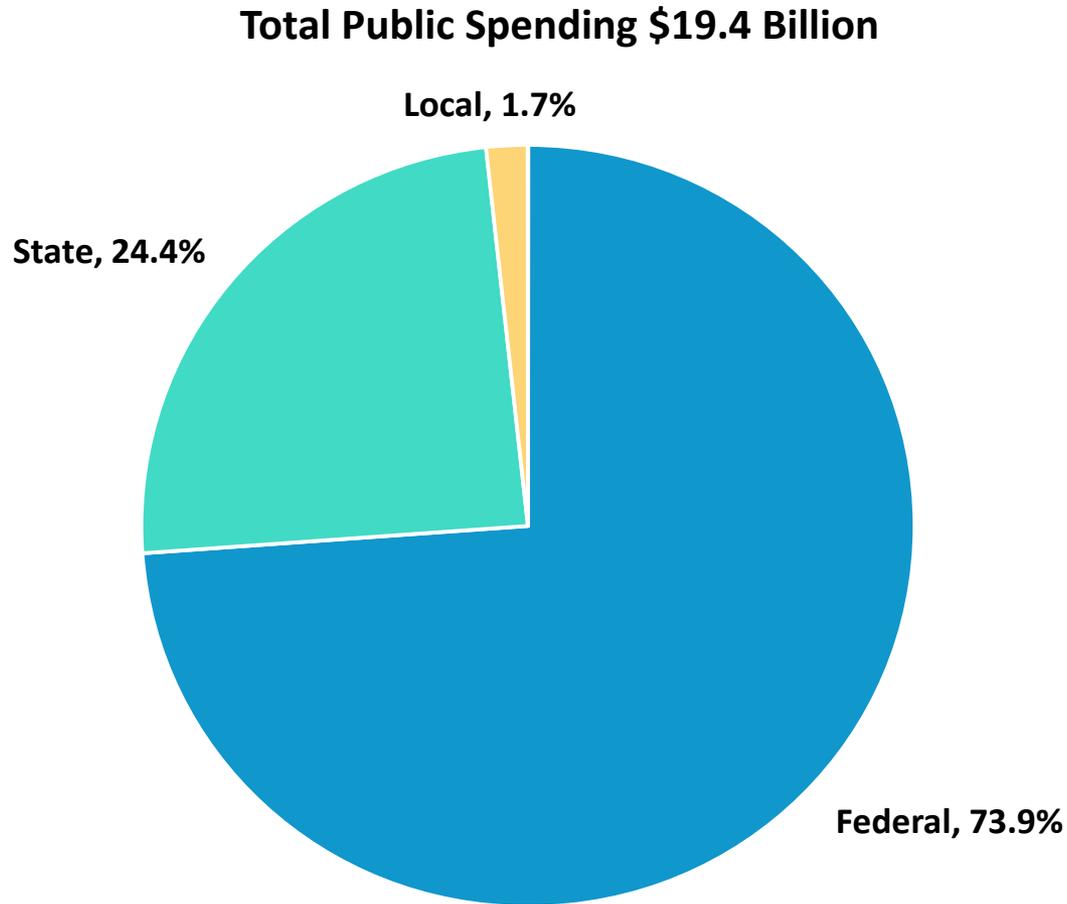
Shares of Minnesota Health Spending by Source of Funds, 2009 to 2013

	2009	2010	2011	2012	2013
Public Spending	43.4%	44.5%	45.7%	46.1%	46.7%
Medicare	17.7%	18.3%	18.7%	19.2%	19.3%
Medicaid	18.9%	19.3%	20.7%	20.7%	21.2%
Other Public Spending	6.7%	6.9%	6.3%	6.2%	6.2%
Private Spending	56.6%	55.5%	54.3%	53.9%	53.3%
Private Health Insurance	41.0%	40.4%	39.4%	39.1%	38.3%
Out-of-Pocket	12.9%	12.6%	12.4%	12.3%	12.4%
Other Private	2.6%	2.6%	2.5%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MDH Health Economics Program.

Detail may not sum to total due to rounding. Revisions to historic time series may lead to slight variation from previously published estimates.

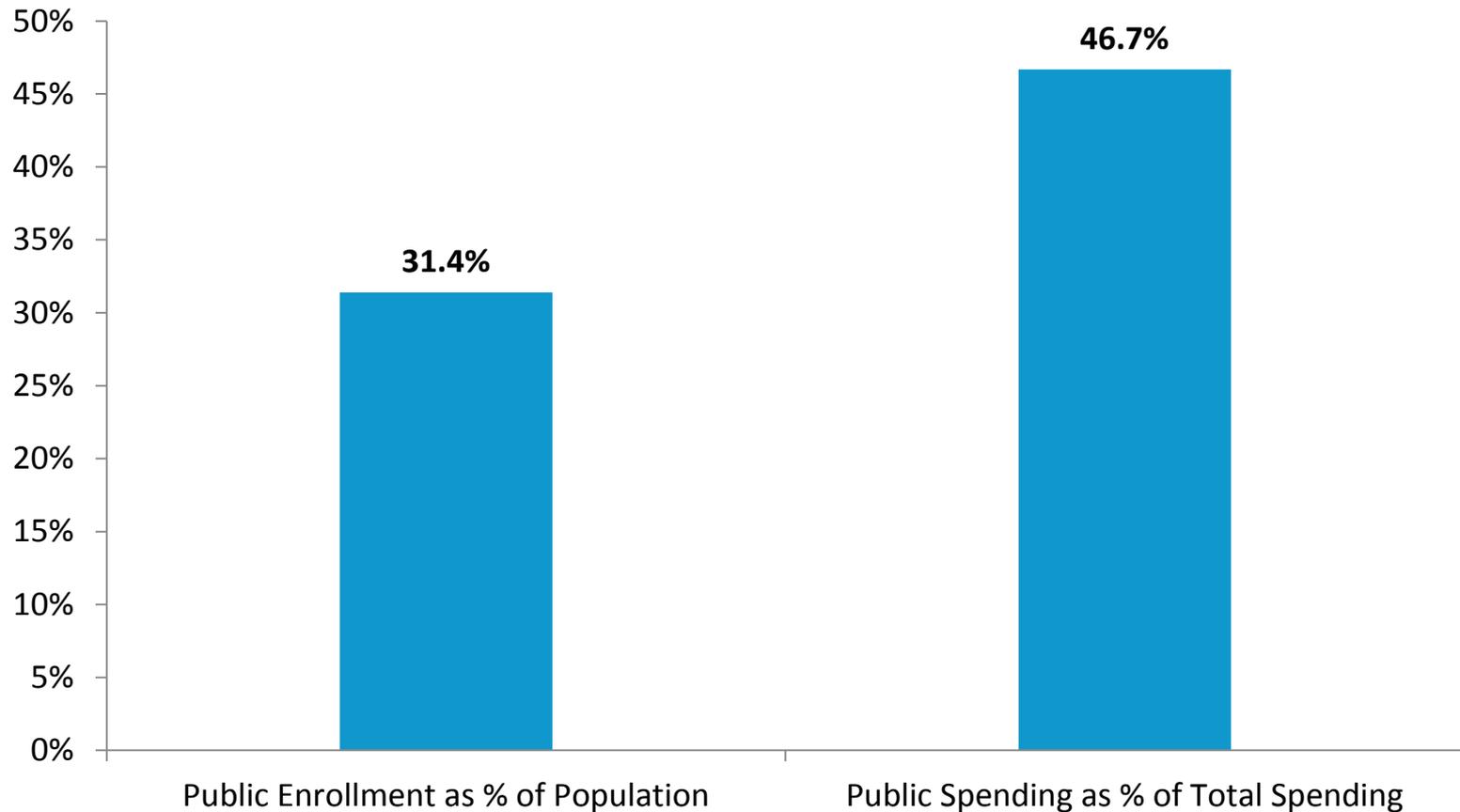
Public Spending for Health Care in Minnesota: Federal, State, and Local Shares, 2013



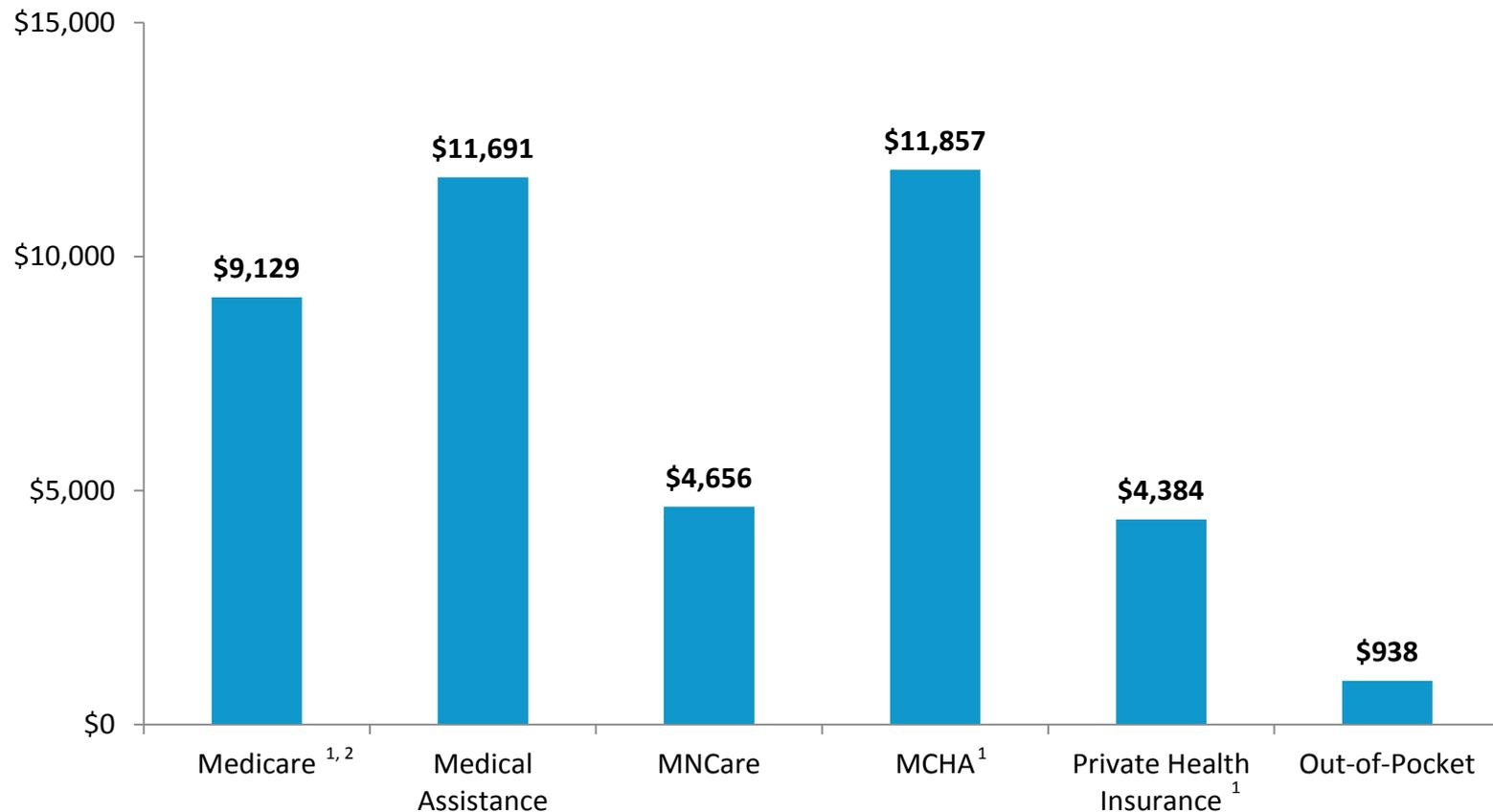
Sources: MDH Health Economics Program; Minnesota Department of Human Services, February 2015 Expenditure Forecast. Spending is based on program payer. High-risk pool included within public spending.

[Summary of graph](#)

Public Programs' Share of Population vs. Share of Health Care Spending, 2013



Minnesota Health Care Spending per Person by Payment Source, 2013



Source: MDH Health Economics Program.

MCHA is Minnesota Comprehensive Health Association. Individuals with dual coverage are included in each of the respective coverage options.

¹Excludes Medicare Supplement insurance.

²Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

[Summary of graph](#)

Minnesota Health Care Spending per Person by Payment Source, 2009 to 2013

	2009	2010	2011	2012	2013	Change from 2012
Public Spending	\$11,081	\$10,933	\$10,860	\$11,163	\$11,390	2.0%
Medicare ^{1,2}	\$8,560	\$8,766	\$8,906	\$9,127	\$9,129	0.0%
Medical Assistance	\$11,990	\$11,560	\$11,106	\$11,205	\$11,691	4.3%
MinnesotaCare	\$4,878	\$5,248	\$4,232	\$4,582	\$4,656	1.6%
Private Spending^{1,3}	\$6,263	\$6,322	\$6,380	\$6,536	\$6,617	1.2%
Total	\$7,029	\$7,081	\$7,151	\$7,383	\$7,552	2.3%

Source: MDH Health Economics Program.

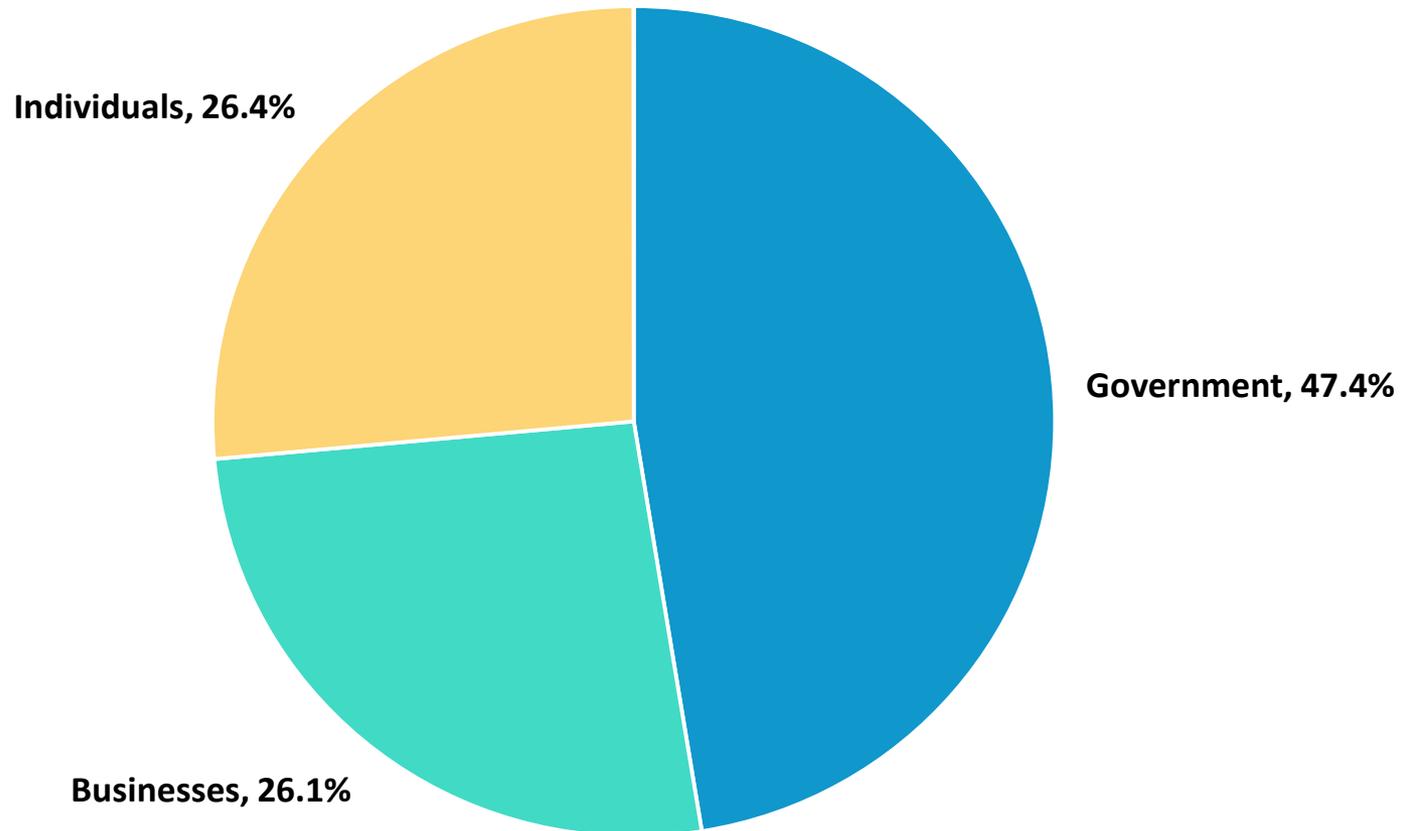
Individuals with dual coverage are included in each of the respective coverage options.

¹Excludes Medicare Supplement insurance.

²Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

³Includes private health insurance, MCHA, out-of-pocket expenses.

Shares of Health Care Spending Paid for by Businesses, Government, and Individuals, 2013



Sources: MDH Health Economics Program; Kaiser Family Foundation/Health Research and Educational Trust Employer Health Benefits Annual Survey, 2013; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, 2013; Best's Aggregates and Averages (Property/Casualty), 2014 edition.

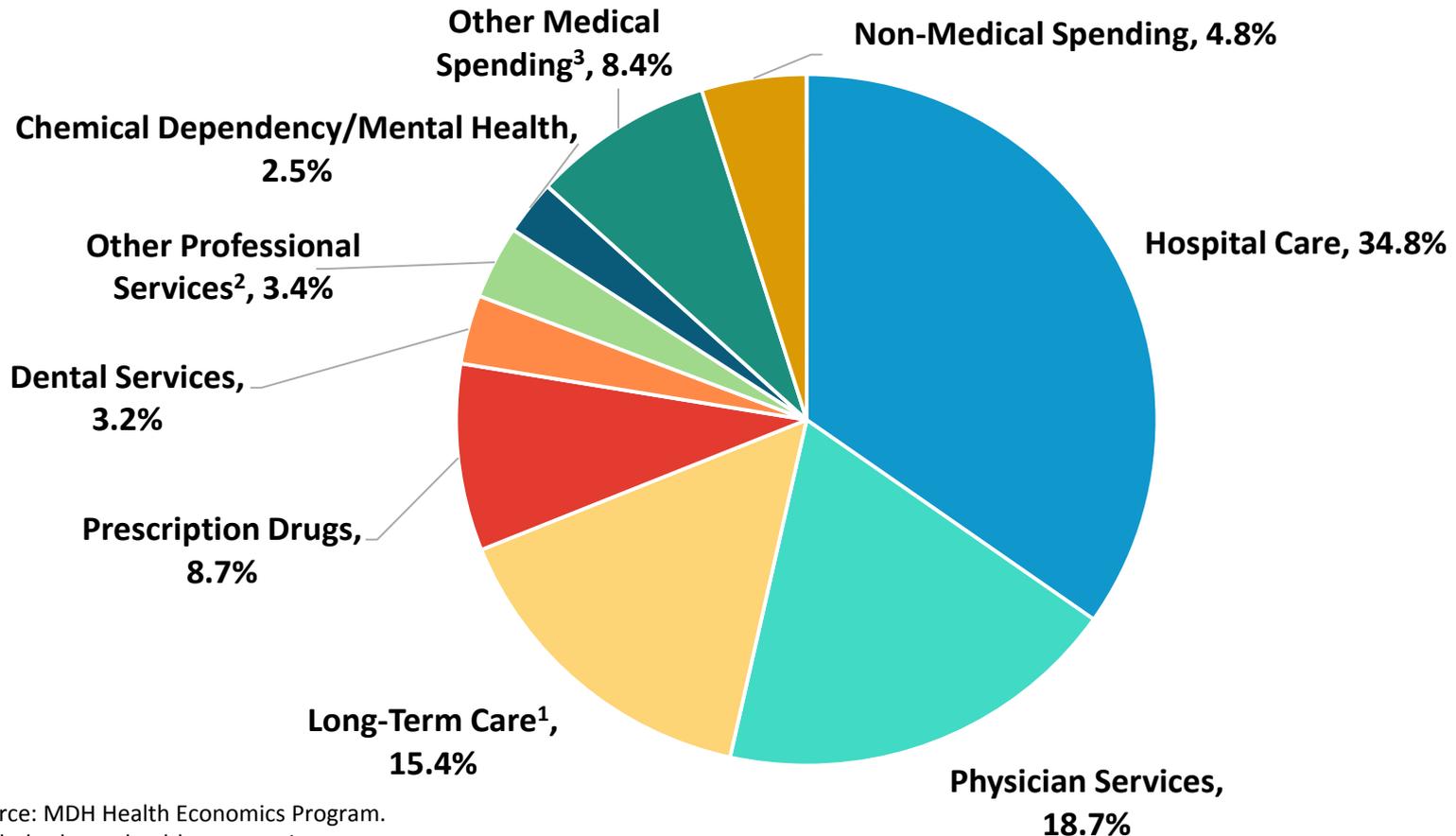
Local and state government employers' health care spending included in business.

[Summary of graph](#)

MINNESOTA HEALTH CARE SPENDING BY TYPE OF SERVICE

Minnesota Health Care Spending by Type of Service, 2013

Total Spending \$40.9 Billion



Source: MDH Health Economics Program.

¹Includes home health care services.

²Includes services provided by health practitioners who are not physicians or dentists.

³Includes uncategorized spending.

[Summary of graph](#)

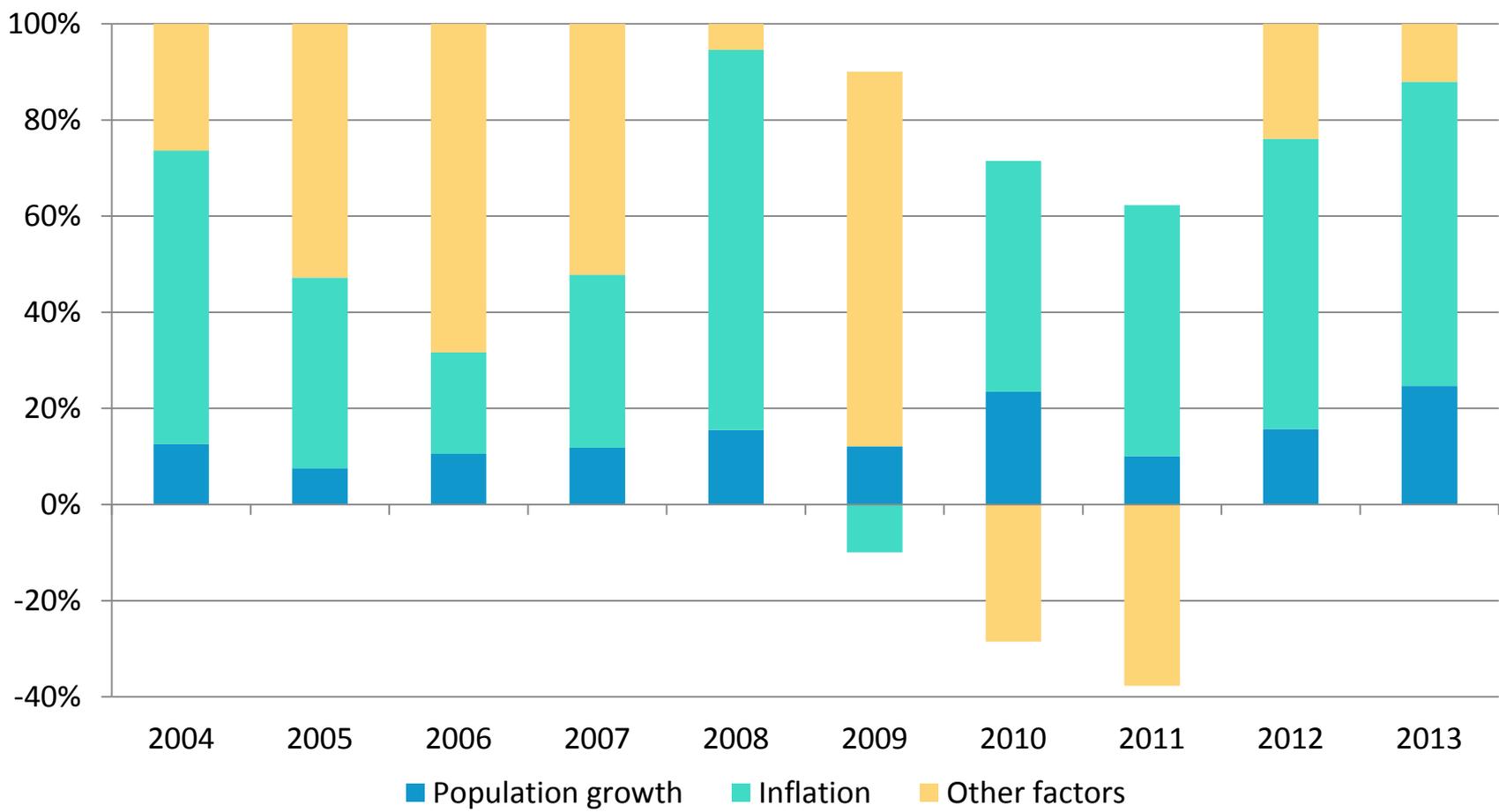
Minnesota Health Care Spending by Type of Service, 2009 to 2013

Type of Service, Spending in Millions of Dollars	2009	2010	2011	2012	2013
Inpatient Hospital	\$7,592	\$7,579	\$7,561	\$7,877	\$8,111
Outpatient Hospital	\$4,589	\$5,043	\$5,398	\$5,953	\$6,124
Physician Services	\$7,230	\$7,327	\$7,338	\$7,599	\$7,667
Long-Term Care (incl. home health care)	\$5,653	\$5,734	\$5,913	\$6,045	\$6,290
Prescription Drugs	\$3,691	\$3,453	\$3,265	\$3,444	\$3,577
Dental	\$1,292	\$1,263	\$1,266	\$1,278	\$1,322
Other Professional Services	\$1,219	\$1,112	\$1,246	\$1,347	\$1,393
Chemical Dependency/Mental Health	\$918	\$945	\$959	\$996	\$1,038
Other Medical Spending	\$2,899	\$3,104	\$3,201	\$3,231	\$3,429
Non-Medical Spending	\$1,907	\$2,042	\$2,089	\$1,945	\$1,981
Total	\$36,990	\$37,601	\$38,236	\$39,715	\$40,933
Growth from previous year	4.1%	1.7%	1.7%	3.9%	3.1%

Shares of Minnesota Health Care Spending by Type of Service, 2009 to 2013

Type of Service	2009	2010	2011	2012	2013
Inpatient Hospital	20.5%	20.2%	19.8%	19.8%	19.8%
Outpatient Hospital	12.4%	13.4%	14.1%	15.0%	15.0%
Physician Services	19.5%	19.5%	19.2%	19.1%	18.7%
Long-Term Care (incl. home health care)	15.3%	15.2%	15.5%	15.2%	15.4%
Prescription Drugs	10.0%	9.2%	8.5%	8.7%	8.7%
Dental	3.5%	3.4%	3.3%	3.2%	3.2%
Other Professional Services	3.3%	3.0%	3.3%	3.4%	3.4%
Chemical Dependency/Mental Health	2.5%	2.5%	2.5%	2.5%	2.5%
Other Medical Spending	7.8%	8.3%	8.4%	8.1%	8.4%
Non-Medical Spending	5.2%	5.4%	5.5%	4.9%	4.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

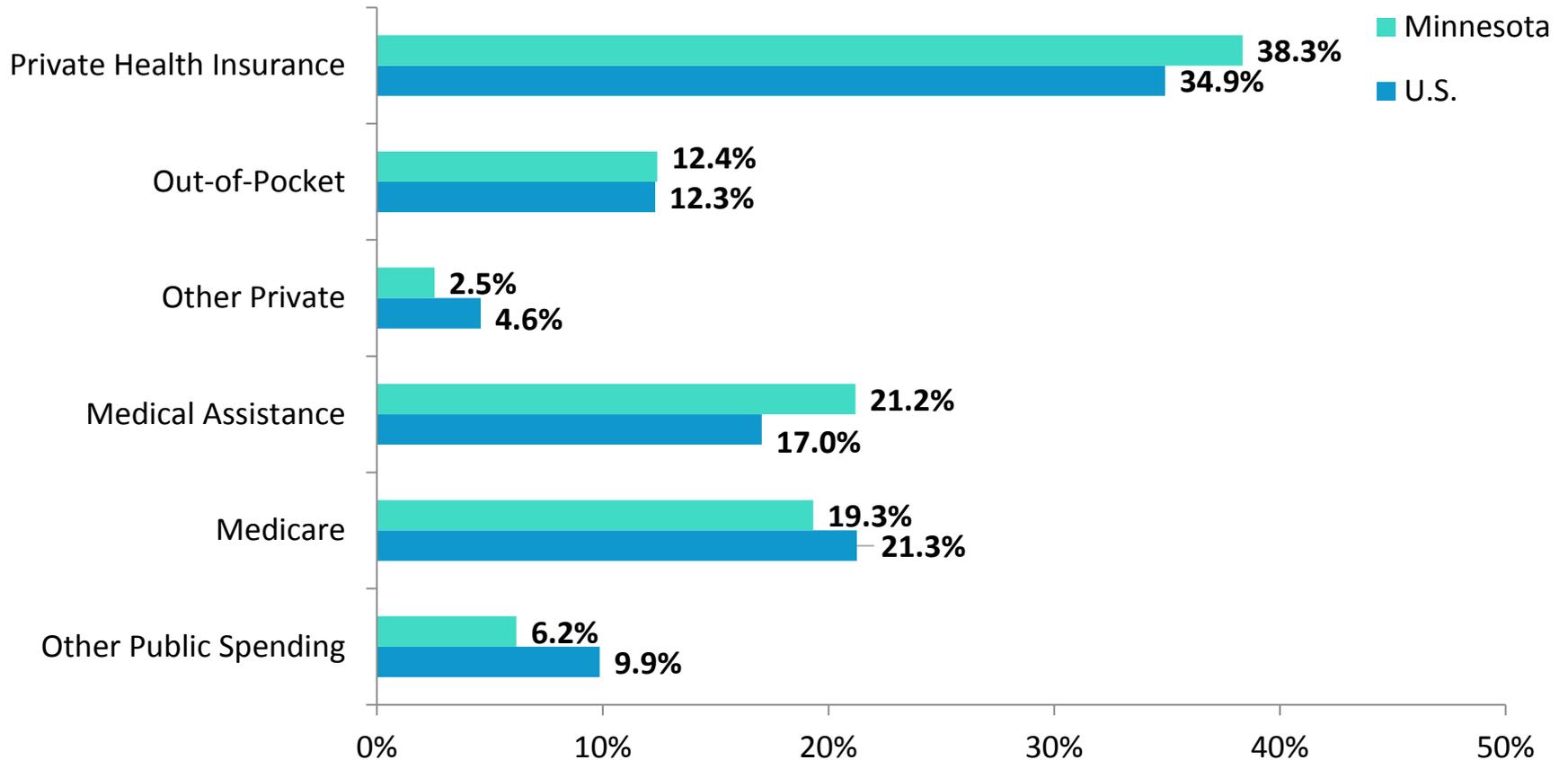
Factors Accounting for Health Care Spending Growth in Minnesota, 2003 to 2013



Source: MDH Health Economics Program.
 Revisions to historic time series may lead to slight variation from previously published estimates.
[Summary of graph](#)

MINNESOTA/U.S. HEALTH CARE SPENDING COMPARISONS

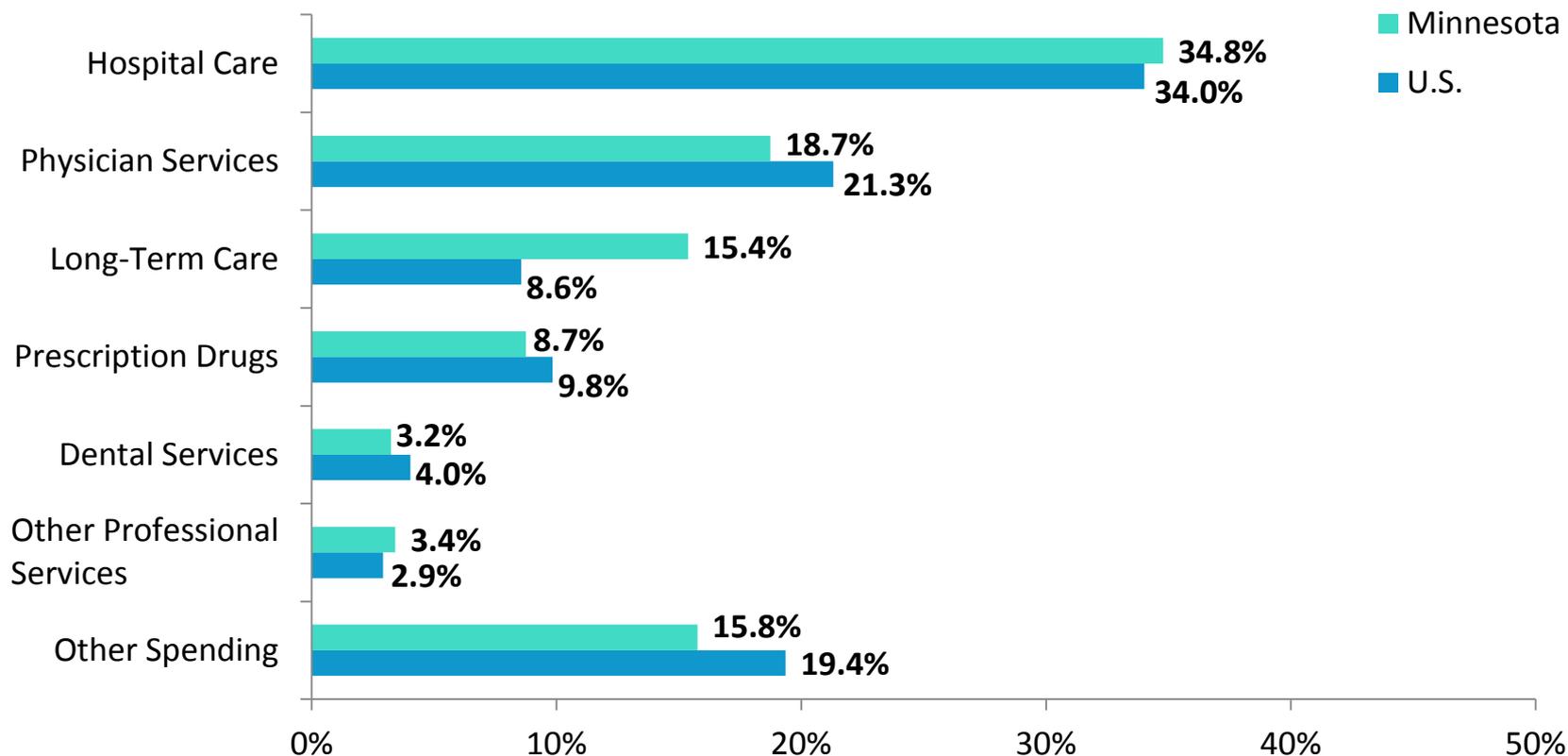
Minnesota and U.S. Health Care Spending: Where It Came From, 2013



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2013.

[Summary of graph](#)

Minnesota and U.S. Health Care Spending: Where it Went, 2013



Note: Some spending included in U.S. hospital care is defined as long-term care spending for the Minnesota estimates.

Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2013.

[Summary of graph](#)

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

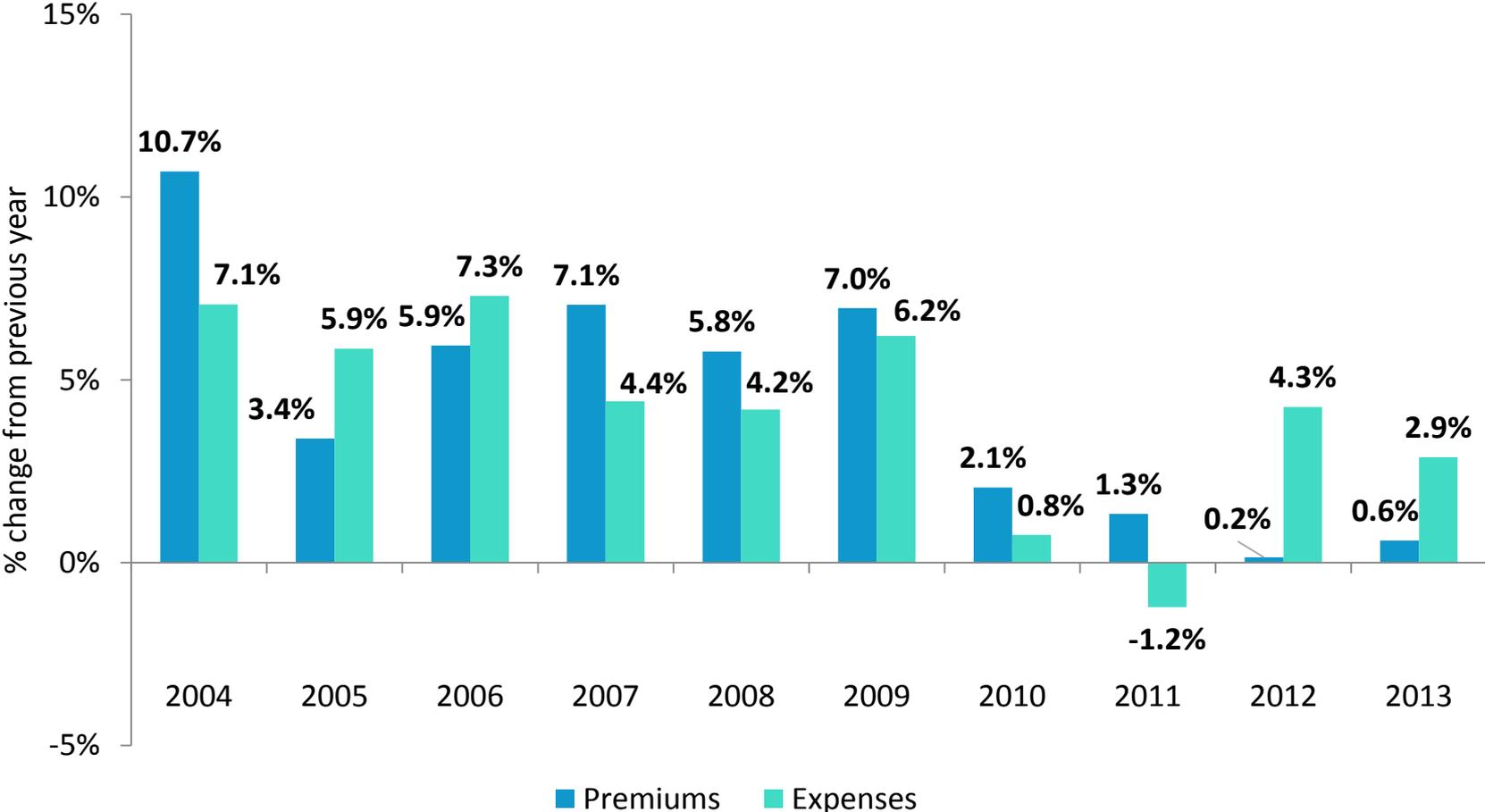
	2009	2010	2011	2012	2013
Per Capita Health Care Spending:					
Minnesota	\$7,029	\$7,081	\$7,151	\$7,383	\$7,552
U.S.	\$7,694	\$7,935	\$8,178	\$8,454	\$8,713
Health Care Spending as a Share of the Economy:					
Minnesota	14.2%	13.8%	13.4%	13.4%	13.3%
U.S.	16.4%	16.4%	16.4%	16.4%	16.5%

Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2013; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis as of September 29, 2015.

Revisions to historic time series may lead to slight variation from previously published estimates.

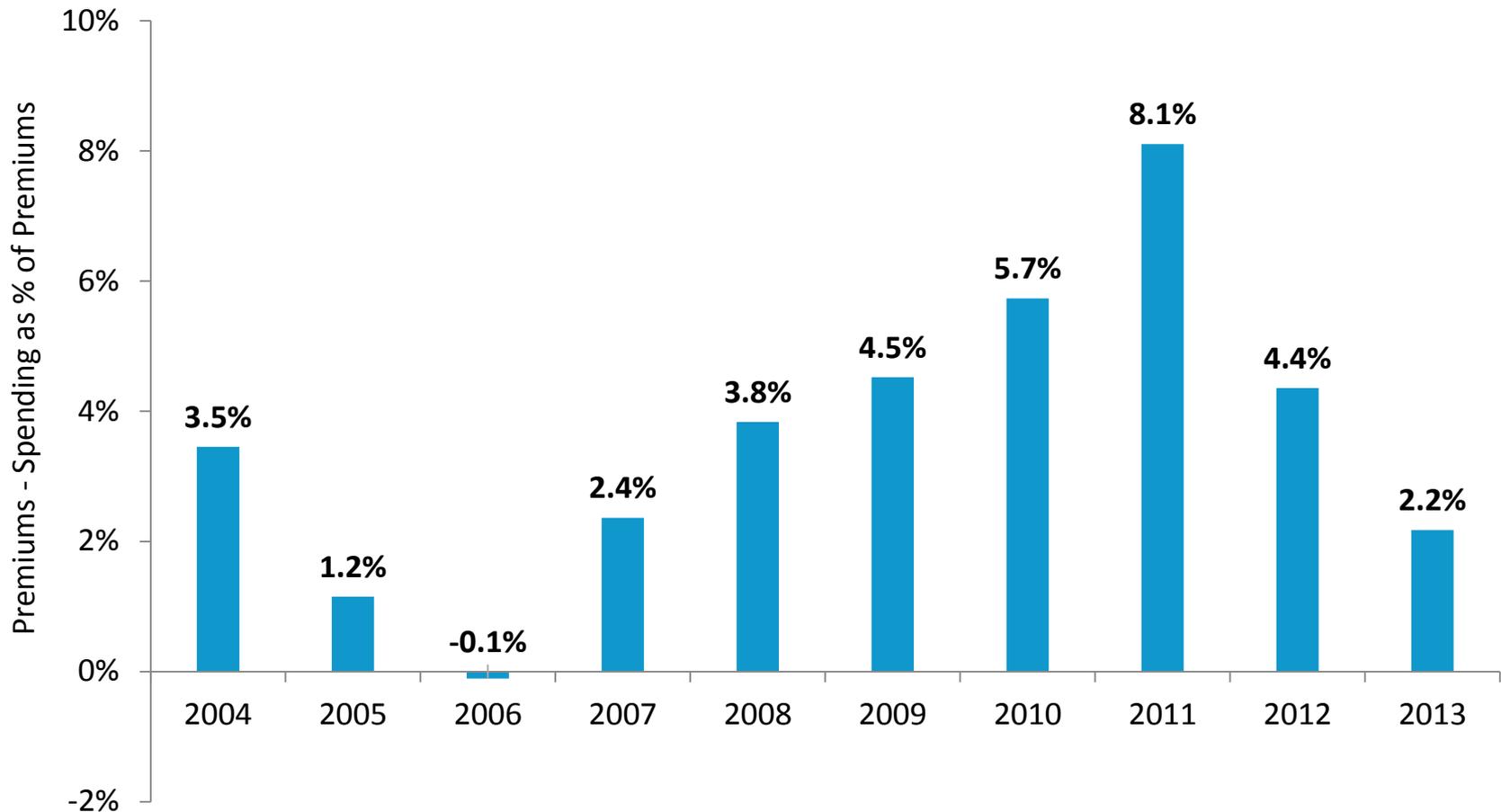
MINNESOTA PRIVATE MARKET TRENDS:
PREMIUMS, SPENDING, AND COST DRIVERS

Growth in Private Health Insurance Premiums and Health Care Spending, Per Enrollee



Fully-insured market only.
 Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.
 Revisions to historic time series may lead to slight variation from previously published estimates.

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



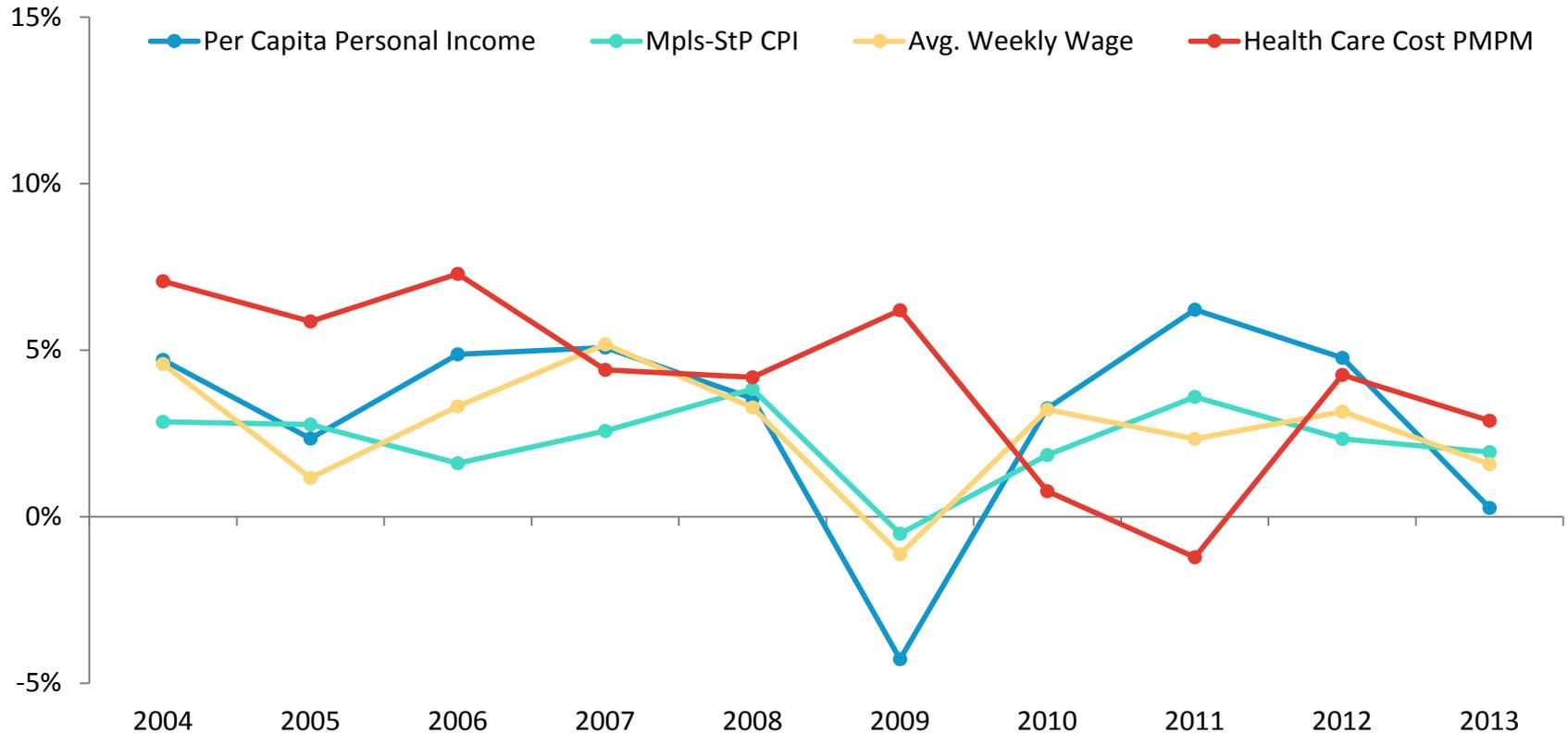
Fully-insured market only. A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums.

Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.

Revisions to historic time series may lead to slight variation from previously published estimates.

[Summary of graph](#)

Key Minnesota Health Care Cost and Economic Indicators, 2004 to 2013

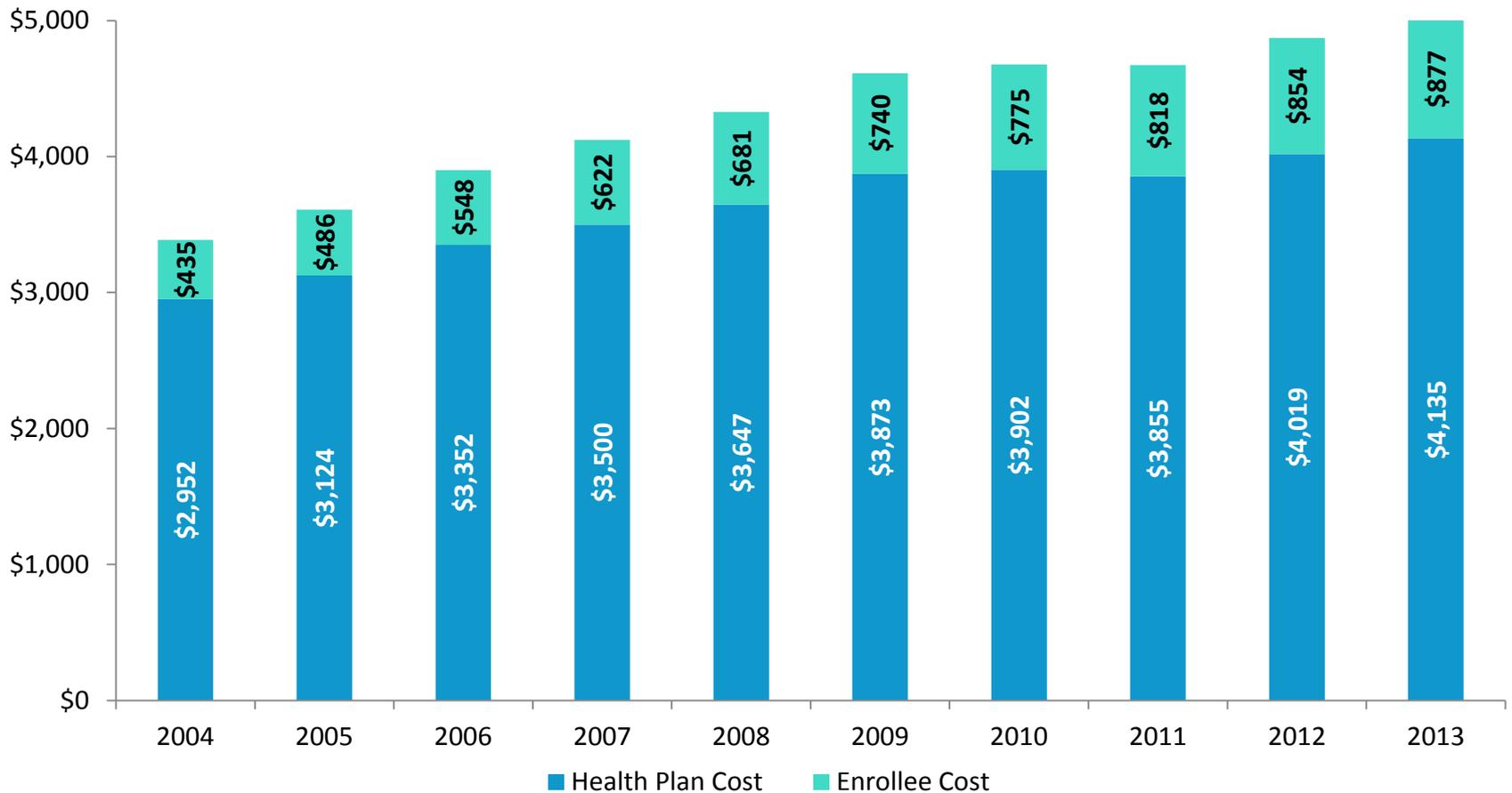


Health care cost is Minnesota fully-insured private health insurance spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Sources: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies; per capita personal income from U.S. Department of Commerce, Bureau of Economic Analysis; inflation data from U.S. Department of Labor, Bureau of Labor and Statistics, Consumer Price Index – All Urban Consumers (CPI-U), Minneapolis-St. Paul, data as of September 2015; average weekly workers' wages from Minnesota Department of Employment and Economic Development as of September 2015.

[Summary of graph](#)

Total Cost Per Person and Health Plan & Enrollee Shares



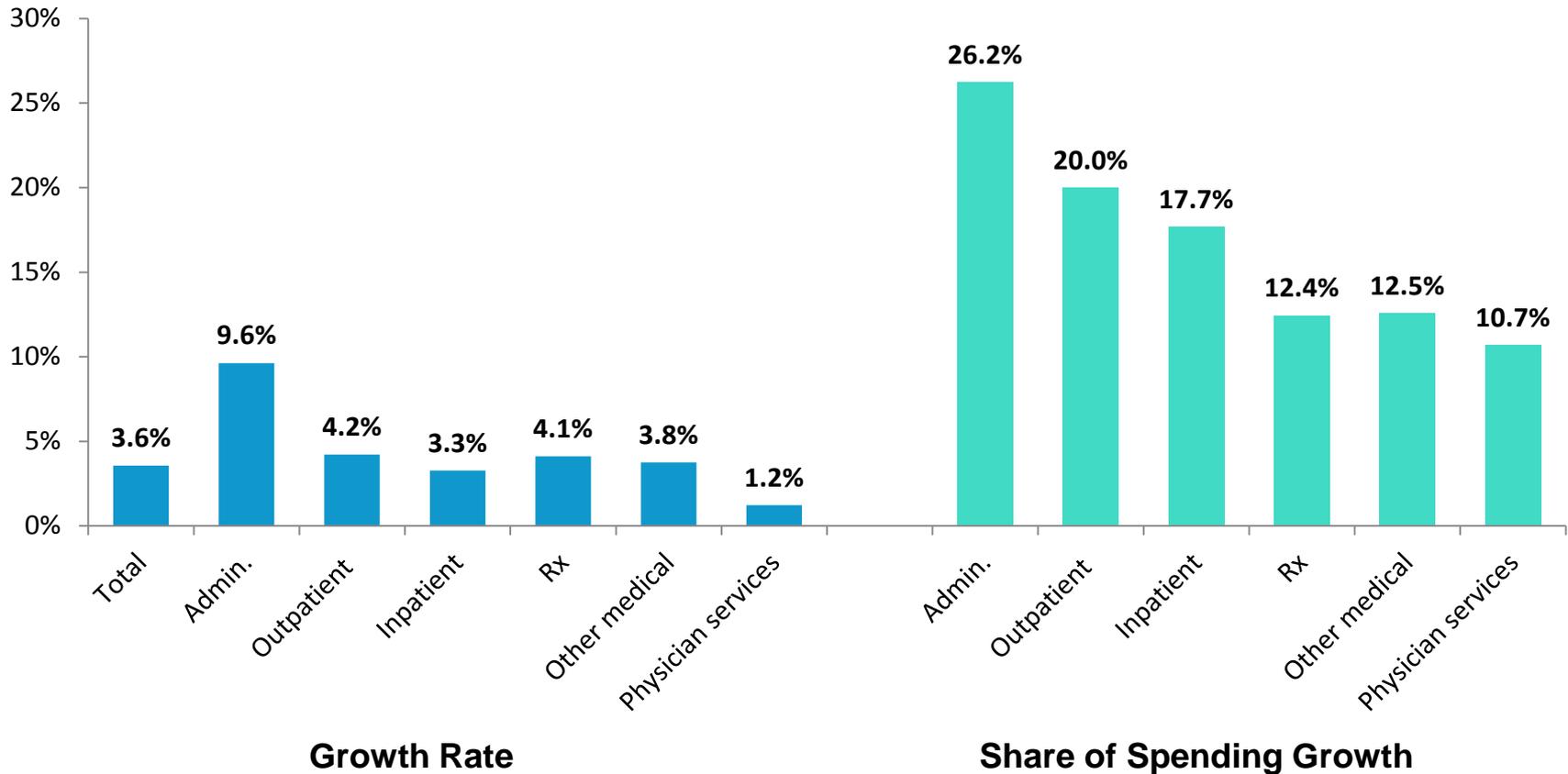
Fully-insured market only.

Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.

Revisions to historic time series may lead to slight variation from previously published estimates.

[Summary of graph](#)

Health Care Cost Drivers: Spending and Shares of Growth by Service, 2011 to 2013



Note: Growth rates calculated as annual growth per enrollee over the 2-year period. "Other medical" includes skilled nursing facilities, home health care, emergency services, services of health professionals other than physicians and dentists, durable medical goods, and chemical dependency/mental health.

Source: MDH Health Economics Program, analysis of annual fully-insured medical-only reports from health plan companies.

[Summary of graph](#)

Additional Information from the Health Economics Program Available Online

- [Health Economics Program Home Page](http://www.health.state.mn.us/healthconomics)
(www.health.state.mn.us/healthconomics)
- [Publications](https://apps.health.state.mn.us/hep-publications/home.xhtml)
(<https://apps.health.state.mn.us/hep-publications/home.xhtml>)
- [Health Care Market Statistics \(Chartbook Updates\)](http://www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html)
(www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html)
- [Interactive Health Insurance Statistics](https://pqc.health.state.mn.us/mnha/Welcome.action)
<https://pqc.health.state.mn.us/mnha/Welcome.action>

A summary of the charts and graphs contained within is provided at [Chartbook Summaries - Section 1](#). Direct links are listed on each page. Spending is based on source of payment, unless otherwise noted. Please contact the Health Economics Program at 651-201-3550 or health.hep@state.mn.us if additional assistance is needed for accessing this information.