

Chartbook Section 1

Minnesota Health Care Spending and Cost Drivers

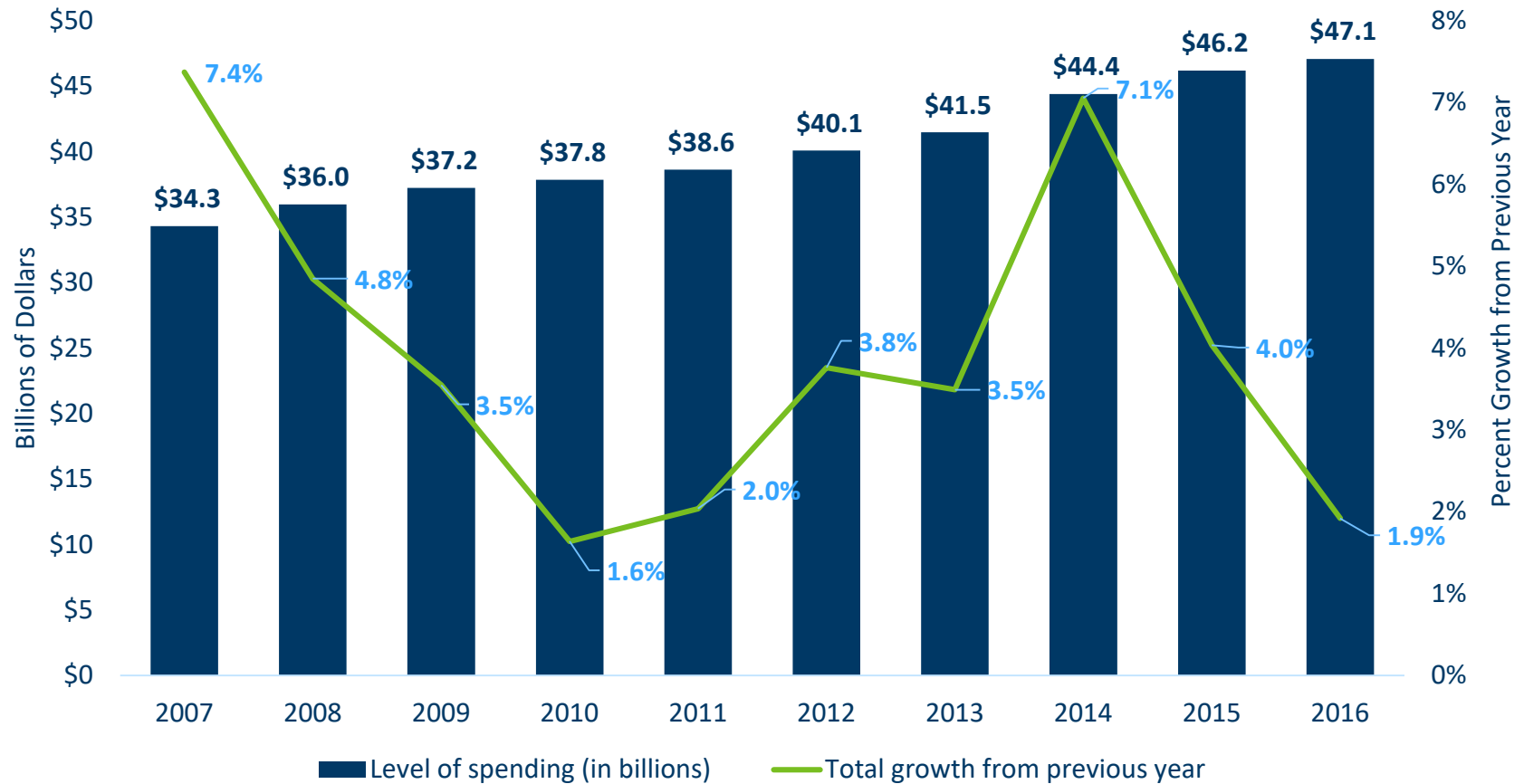
Section 1: Minnesota Health Care Spending and Cost Drivers

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

This slide deck is part Minnesota's Health Care Markets Chartbook, an annual review of key metrics in health care access, coverage, market competition and health care costs ([MN Statutes, Section 144.70](#))

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.

Trends In Minnesota Health Care Spending, 2007-2016

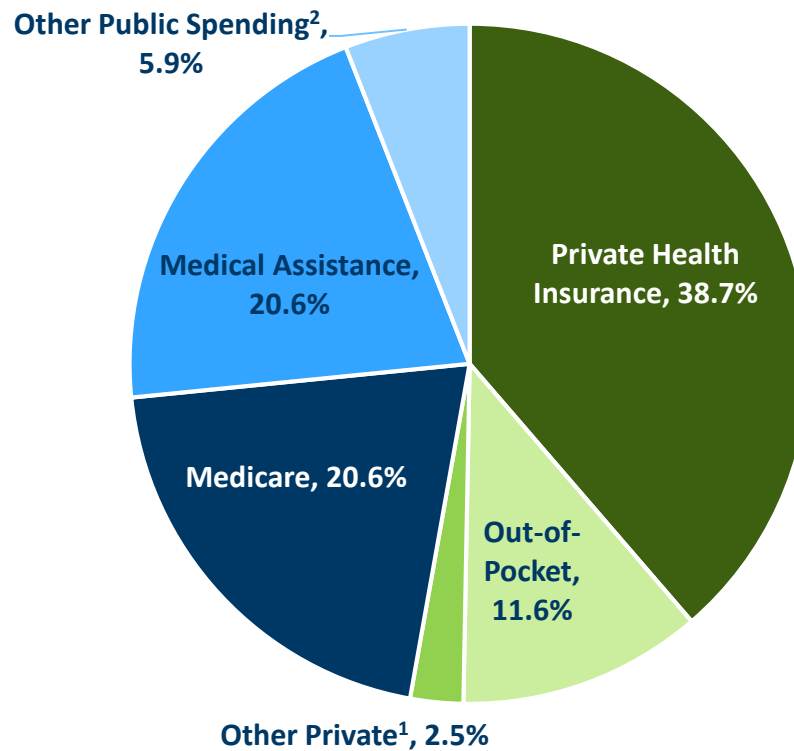


Minnesota health care spending by source of funds

This section provides details on Minnesota health care spending by the source of funds, and public health care spending by government payer shares.

Minnesota Health Care Spending by Source of Funds, 2016

Total Spending: \$47.1 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, 2012 to 2016

(Millions of Dollars)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Public Spending, Total | \$18,766 | \$19,650 | \$21,458 | \$22,639 | \$22,215 |
| Medicare | \$8,092 | \$8,451 | \$8,764 | \$9,248 | \$9,701 |
| Medicaid | \$8,149 | \$8,553 | \$10,071 | \$10,535 | \$9,718 |
| Other Public Spending | \$2,525 | \$2,646 | \$2,622 | \$2,856 | \$2,796 |
| Private Spending, Total | \$21,305 | \$21,821 | \$22,938 | \$23,548 | \$24,858 |
| Private Health Insurance | \$15,462 | \$15,712 | \$16,649 | \$17,168 | \$18,207 |
| Out-of-Pocket | \$4,841 | \$5,062 | \$5,198 | \$5,259 | \$5,468 |
| Other Private | \$1,002 | \$1,047 | \$1,091 | \$1,121 | \$1,184 |
| Total | \$40,072 | \$41,470 | \$44,395 | \$46,187 | \$47,073 |

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.

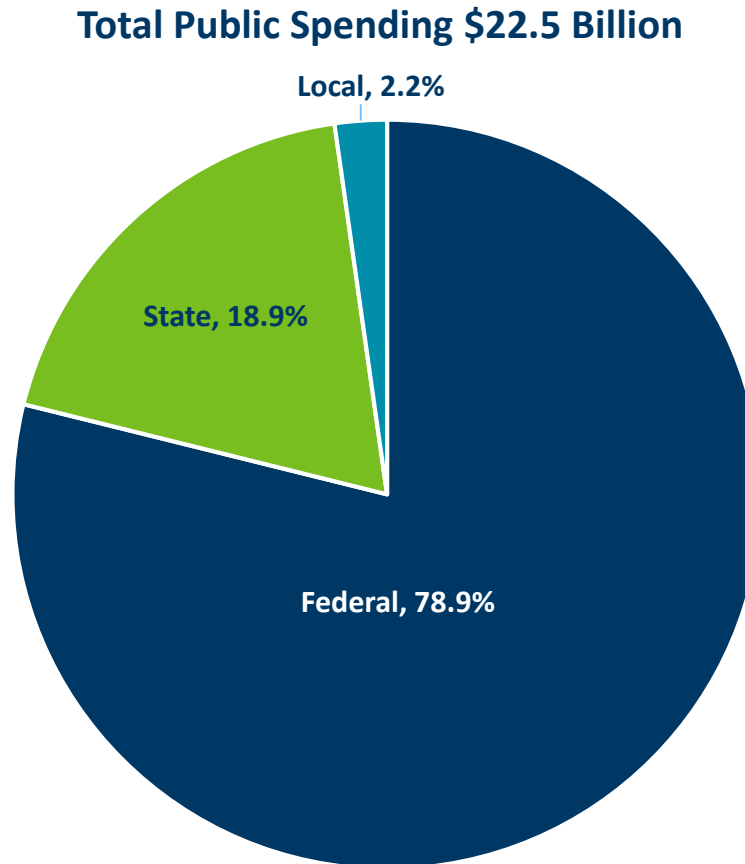
Shares of Minnesota Health Spending by Source of Funds, 2012 to 2016

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Public Spending, Total | 46.8% | 47.4% | 48.3% | 49.0% | 47.2% |
| Medicare | 20.2% | 20.4% | 19.7% | 20.0% | 20.6% |
| Medicaid | 20.3% | 20.6% | 22.7% | 22.8% | 20.6% |
| Other Public Spending | 6.3% | 6.4% | 5.9% | 6.2% | 5.9% |
| Private Spending, Total | 53.2% | 52.6% | 51.7% | 51.0% | 52.8% |
| Private Health Insurance | 38.6% | 37.9% | 37.5% | 37.2% | 38.7% |
| Out-of-Pocket | 12.1% | 12.2% | 11.7% | 11.4% | 11.6% |
| Other Private | 2.5% | 2.5% | 2.5% | 2.4% | 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.

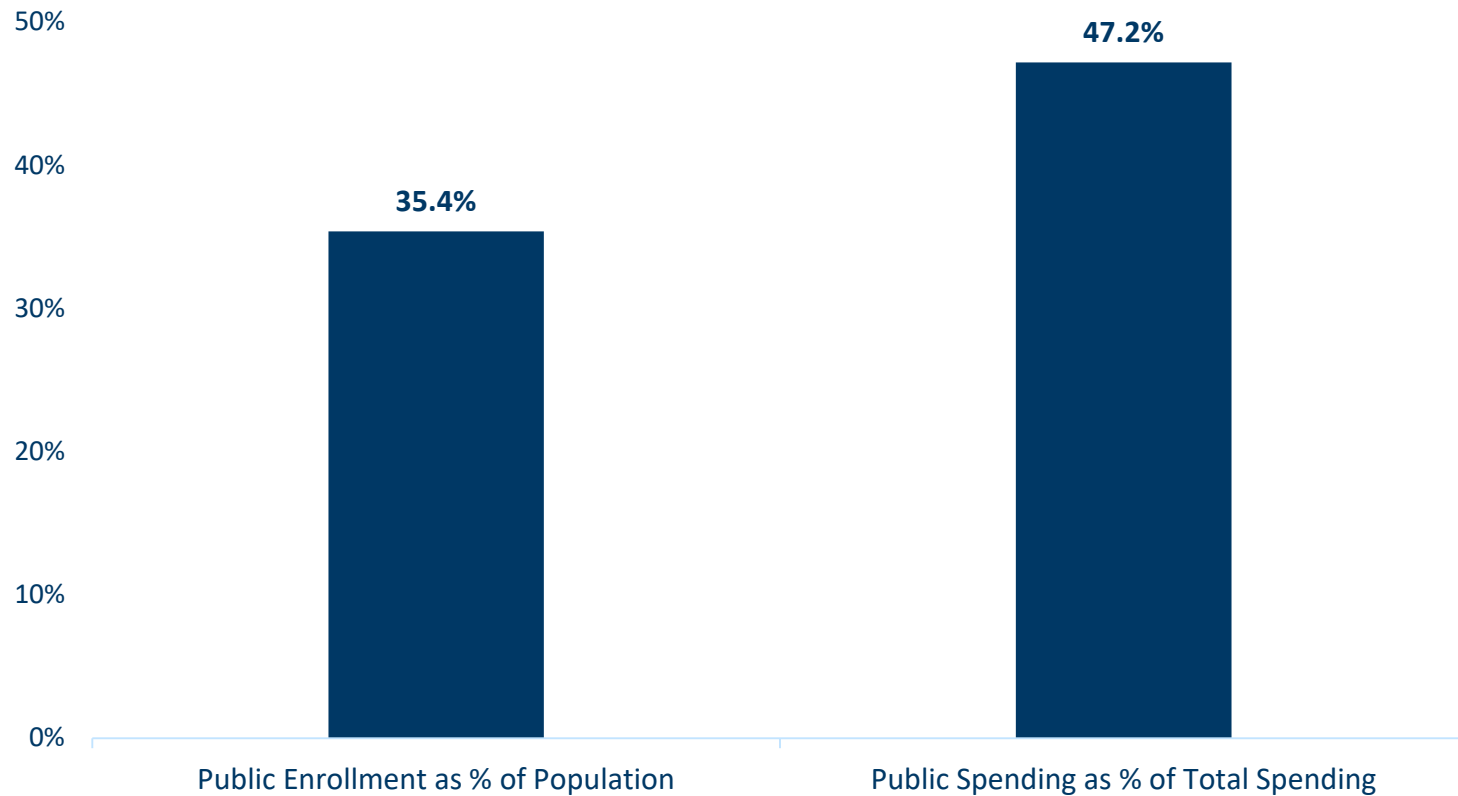
Public Spending for Health Care in Minnesota: Federal, State, and Local Shares, 2016



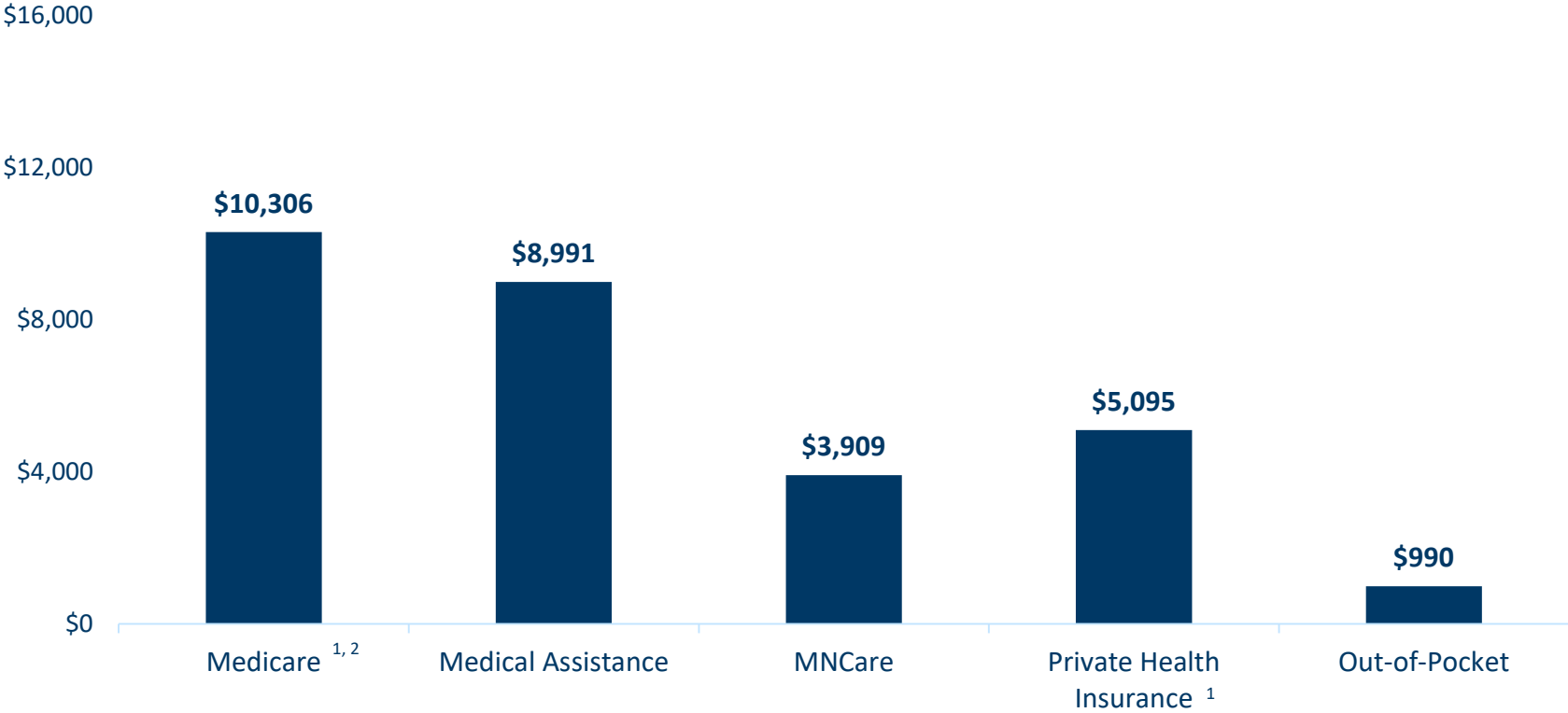
Sources: MDH Health Economics Program; Minnesota Department of Human Services, February 2018 Expenditure Forecast. Spending is based on program payer.

[Summary of graph](#)

Public Programs' Share of Population vs. Share of Health Care Spending, 2016



Minnesota Health Care Spending per Person by Payment Source, 2016



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.

[Summary of graph](#)

Minnesota Health Care Spending per Person by Payment Source, 2012 to 2016

(Millions of Dollars)

| | 2012 | 2013 | 2014 | 2015 | 2016 | Change from 2015 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Public Spending | \$11,903 | \$12,202 | \$11,942 | \$11,767 | \$11,361 | -3.5% |
| Medicare ^{1,2} | \$9,682 | \$9,793 | \$9,866 | \$10,125 | \$10,306 | 1.8% |
| Medical Assistance | \$11,113 | \$11,524 | \$10,205 | \$9,794 | \$8,991 | -8.2% |
| MinnesotaCare | \$4,582 | \$4,656 | \$5,529 | \$4,632 | \$3,909 | -15.6% |
| Private Spending^{1,3} | \$6,386 | \$6,495 | \$6,824 | \$7,081 | \$7,580 | 7.1% |
| Total | \$7,451 | \$7,657 | \$8,142 | \$8,423 | \$8,520 | 1.1% |

Source: MDH Health Economics Program.

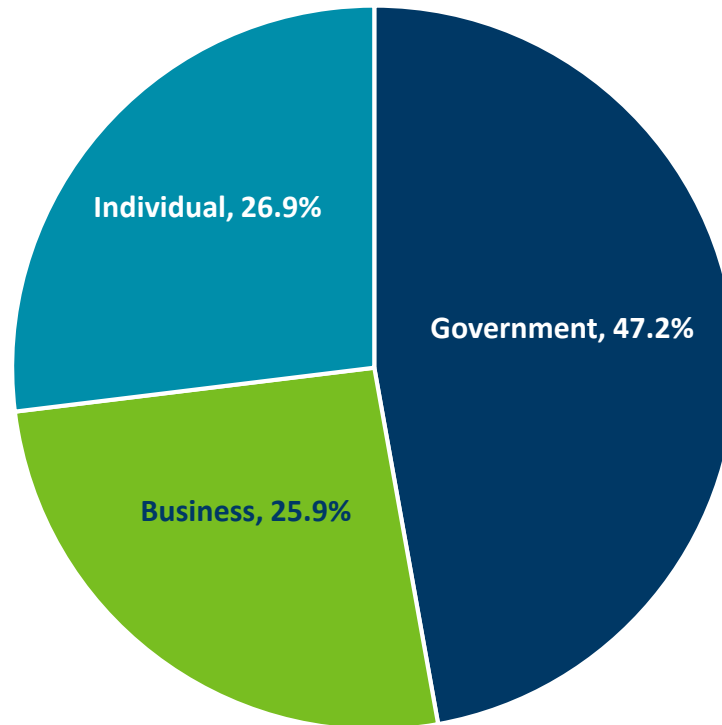
Individuals with dual coverage are included in each of the respective coverage options.

¹Excludes Medicare Supplement insurance.

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

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

Shares of Health Care Spending Paid for by Businesses, Government, and Individuals, 2016



Sources: MDH Health Economics Program; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, 2016; Best's Aggregates and Averages (Property/Casualty), 2017 edition.

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

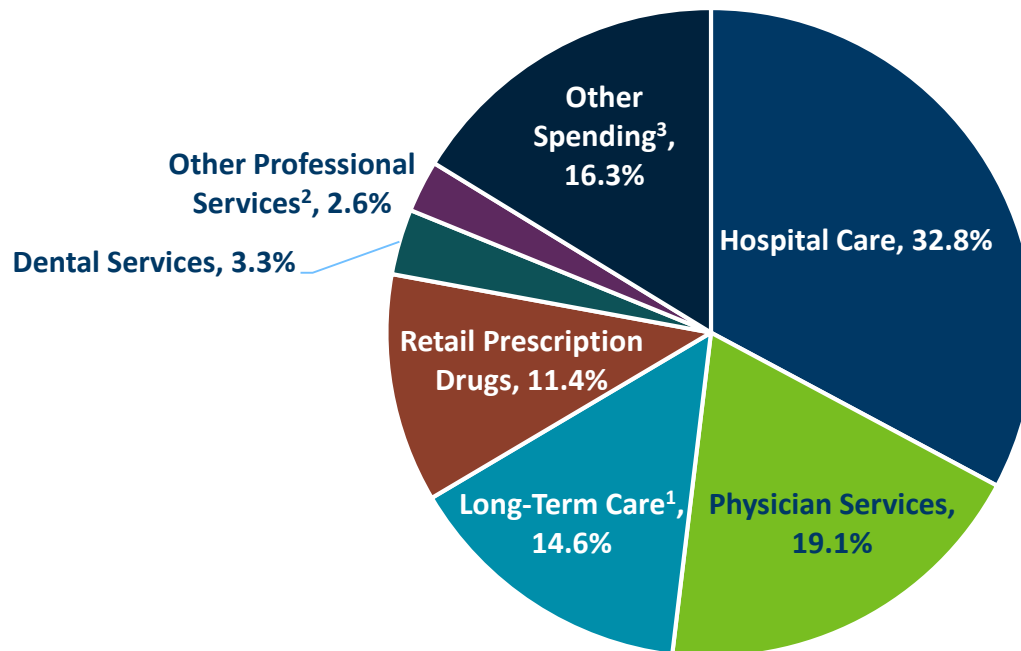
[Summary of graph](#)

Minnesota health care spending by categories of service

This section provides details on Minnesota health care spending by categories of service and factors accounting for its growth.

Minnesota Health Care Spending by Categories of Service, 2016

Total Spending: \$47.1 Billion



Source: MDH Health Economics Program. May not total to 100% due to rounding.

¹Includes home health care services.

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

³Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

[Summary of graph](#)

Minnesota Health Care Spending by Categories of Service, 2012 to 2016

(Millions of Dollars)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Inpatient Hospital | \$7,793 | \$7,946 | \$8,192 | \$8,508 | \$8,492 |
| Outpatient Hospital | \$5,796 | \$5,880 | \$6,407 | \$6,758 | \$6,958 |
| Physician Services | \$7,680 | \$7,697 | \$7,959 | \$8,268 | \$8,985 |
| Long-Term Care ¹ | \$5,912 | \$6,107 | \$6,469 | \$6,807 | \$6,865 |
| Retail Prescription Drugs | \$4,034 | \$4,321 | \$4,918 | \$5,313 | \$5,365 |
| Dental | \$1,317 | \$1,369 | \$1,389 | \$1,522 | \$1,539 |
| Other Professional Services ² | \$1,249 | \$1,232 | \$1,350 | \$1,377 | \$1,216 |
| Other Spending ³ | \$6,290 | \$6,918 | \$7,711 | \$7,634 | \$7,653 |
| Total | \$40,072 | \$41,470 | \$44,395 | \$46,187 | \$47,073 |
| Growth from previous year | 3.8% | 3.5% | 7.1% | 4.0% | 1.9% |

Source: MDH Health Economics Program.

¹Includes home health care services.

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

³Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

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

Shares of Minnesota Health Care Spending by Categories of Service, 2012 to 2016

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|
| Inpatient Hospital | 19.4% | 19.2% | 18.5% | 18.4% | 18.0% |
| Outpatient Hospital | 14.5% | 14.2% | 14.4% | 14.6% | 14.8% |
| Physician Services | 19.2% | 18.6% | 17.9% | 17.9% | 19.1% |
| Long-Term Care ¹ | 14.8% | 14.7% | 14.6% | 14.7% | 14.6% |
| Retail Prescription Drugs | 10.1% | 10.4% | 11.1% | 11.5% | 11.4% |
| Dental | 3.3% | 3.3% | 3.1% | 3.3% | 3.3% |
| Other Professional Services ² | 3.1% | 3.0% | 3.0% | 3.0% | 2.6% |
| Other Spending ³ | 15.7% | 16.7% | 17.4% | 16.5% | 16.3% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: MDH Health Economics Program.

¹Includes home health care services.

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

³Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

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

Factors Accounting for Health Care Spending Growth in Minnesota, 2007 to 2016



Source: MDH Health Economics Program.

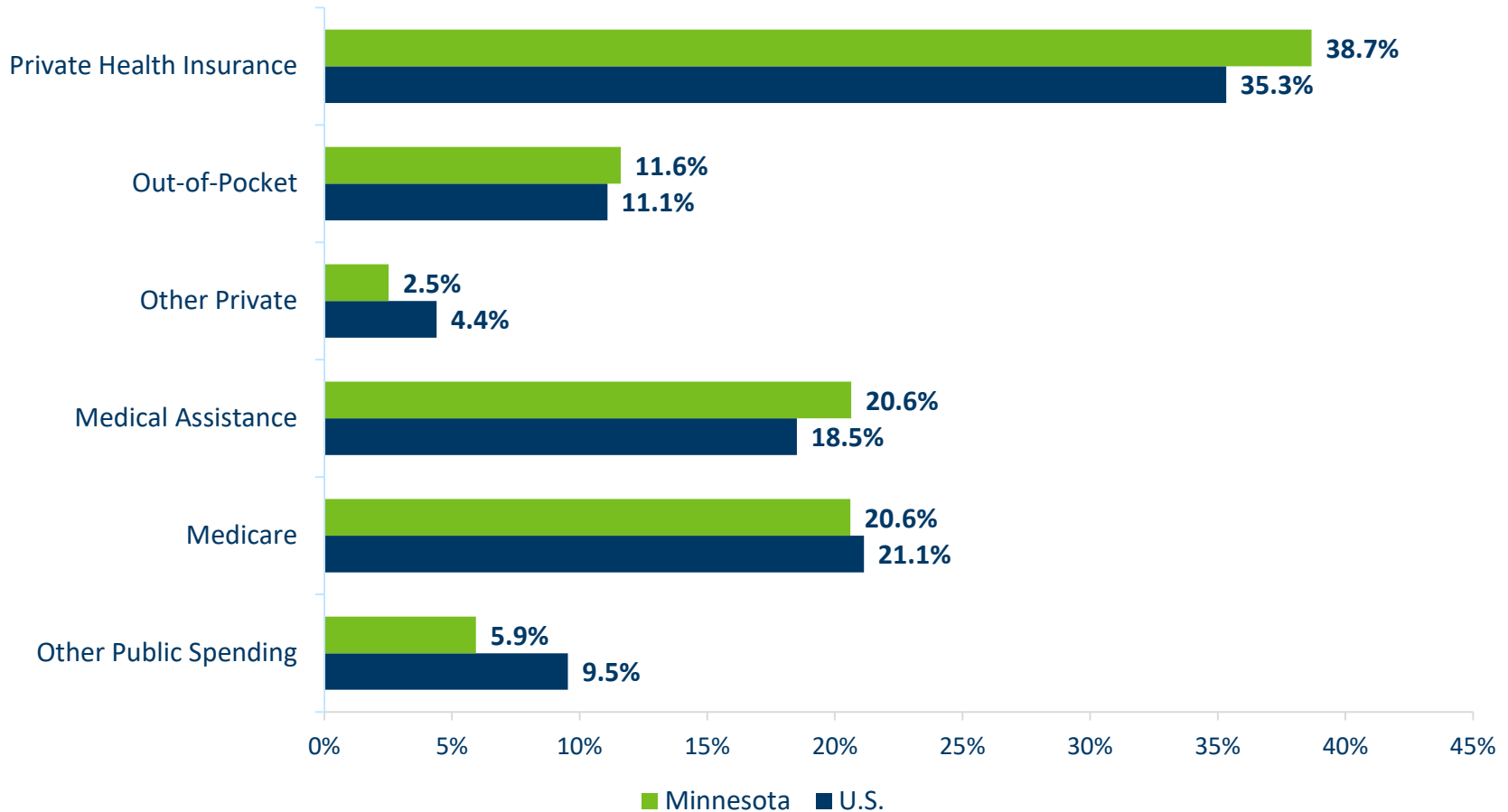
Revisions to historic time series may lead to slight variation from previously published estimates. Where factors are negative, it indicates that the factor helped to limit spending growth.

[Summary of graph](#)

Minnesota/U.S. health care spending comparisons

This section provides comparisons of health care spending between Minnesota and the United States, based on sources of payment, categories of service, per capita spending, and spending as a share of the overall economy.

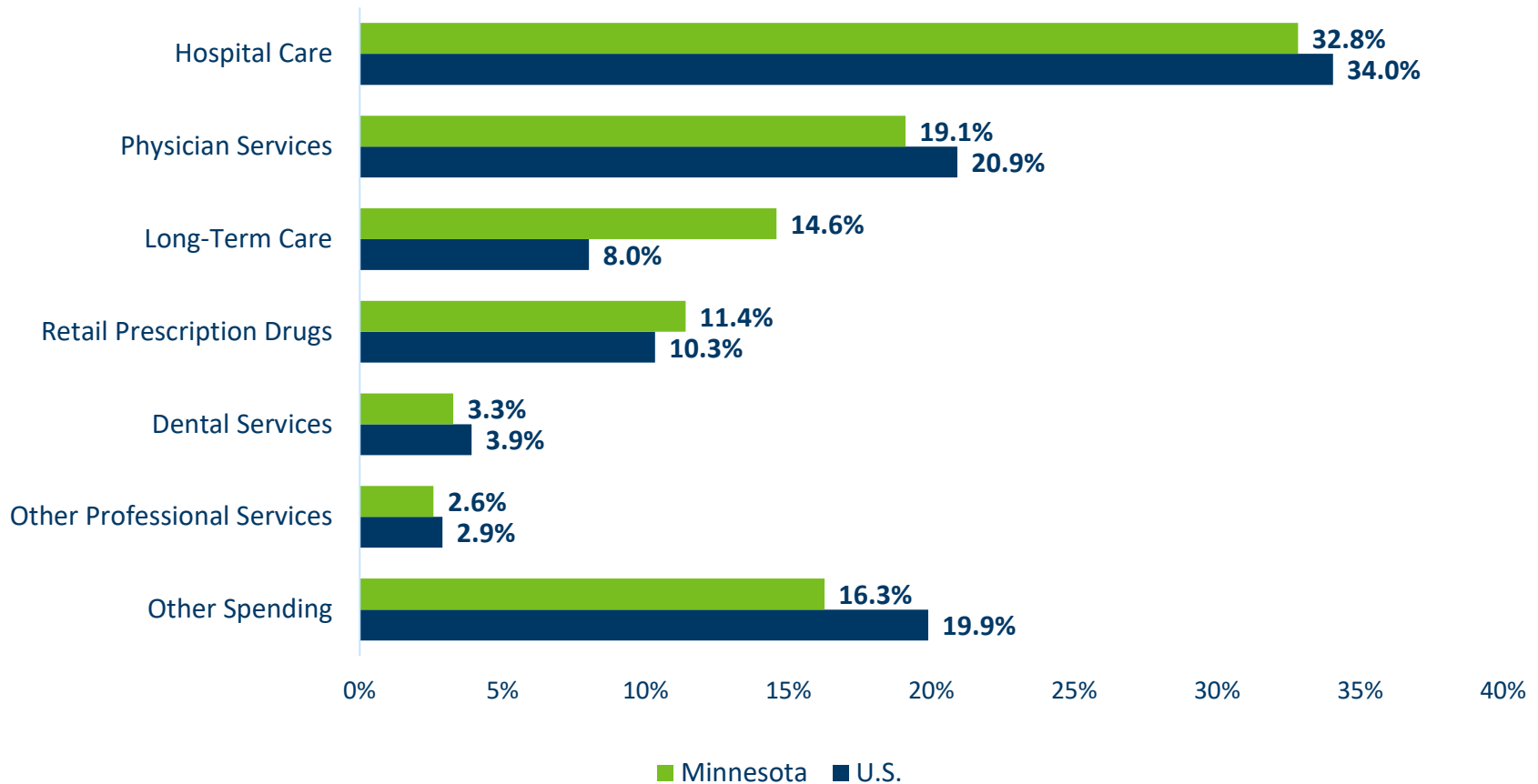
Minnesota and U.S. Health Care Spending: Where It Came From, 2016



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2016.

[Summary of graph](#)

Minnesota and U.S. Health Care Spending: Where it Went, 2016



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 2016.

[Summary of graph](#)

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

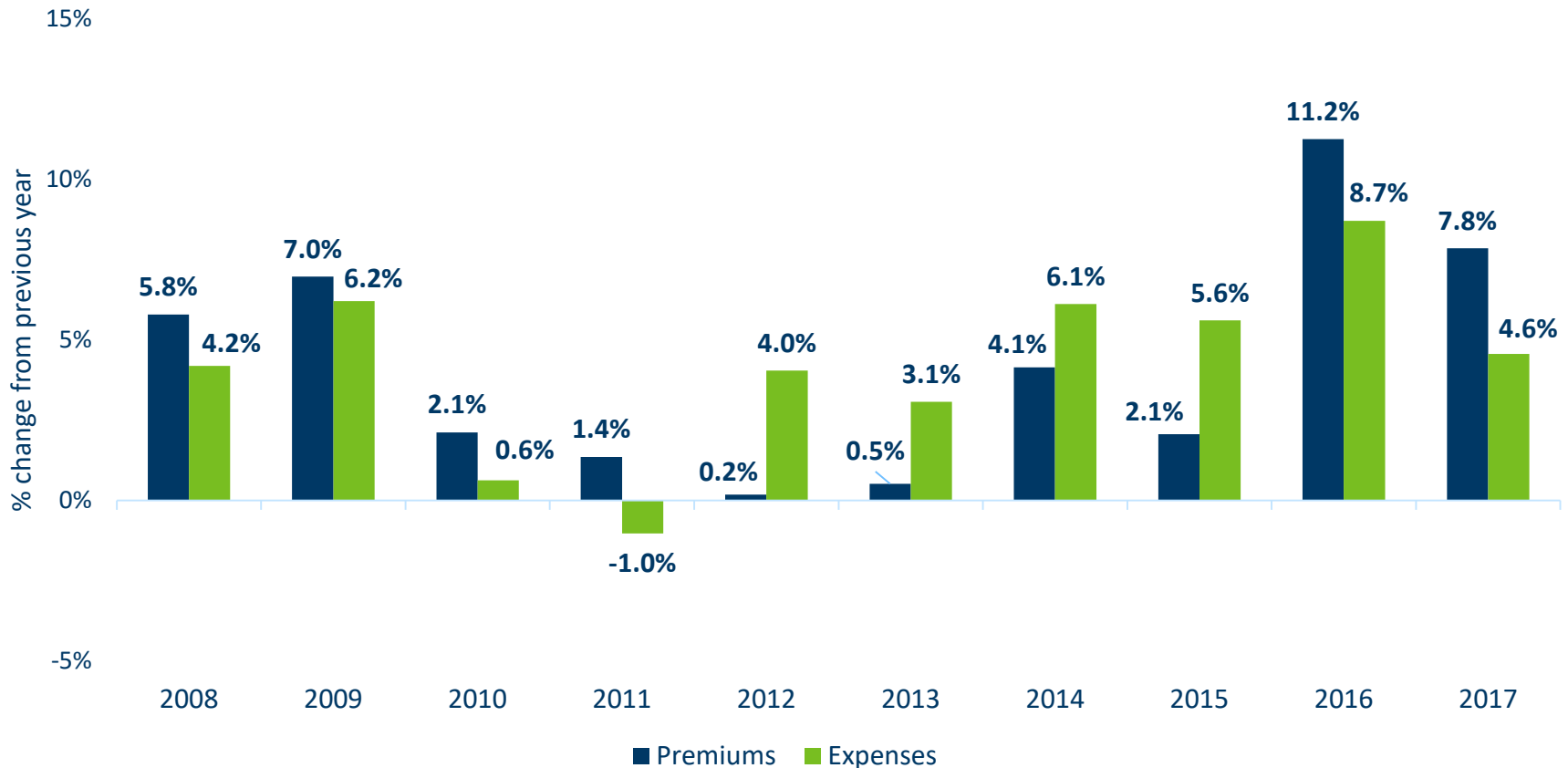
| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------|---------|---------|---------|---------|
| Per Capita Health Care Spending: | | | | | |
| Minnesota | \$7,451 | \$7,657 | \$8,142 | \$8,423 | \$8,520 |
| U.S. | \$8,421 | \$8,620 | \$9,028 | \$9,491 | \$9,832 |
| Health Care Spending as a Share of the Economy: | | | | | |
| Minnesota | 13.7% | 13.6% | 14.0% | 14.2% | 13.9% |
| U.S. | 16.3% | 16.2% | 16.4% | 16.7% | 17.0% |

Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2016; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis updated through May 4, 2018 for Minnesota and August 29, 2018 for the United States. Accessed on September 24, 2018.
Revisions to historic time series may lead to slight variation from previously published estimates.

Minnesota private market trends: premiums, spending, and cost drivers

This section provides analysis of fully-insured commercial medical spending based on reports from Minnesota health plan companies. The plans include private health insurance purchased by individuals or employers for Minnesota residents.

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



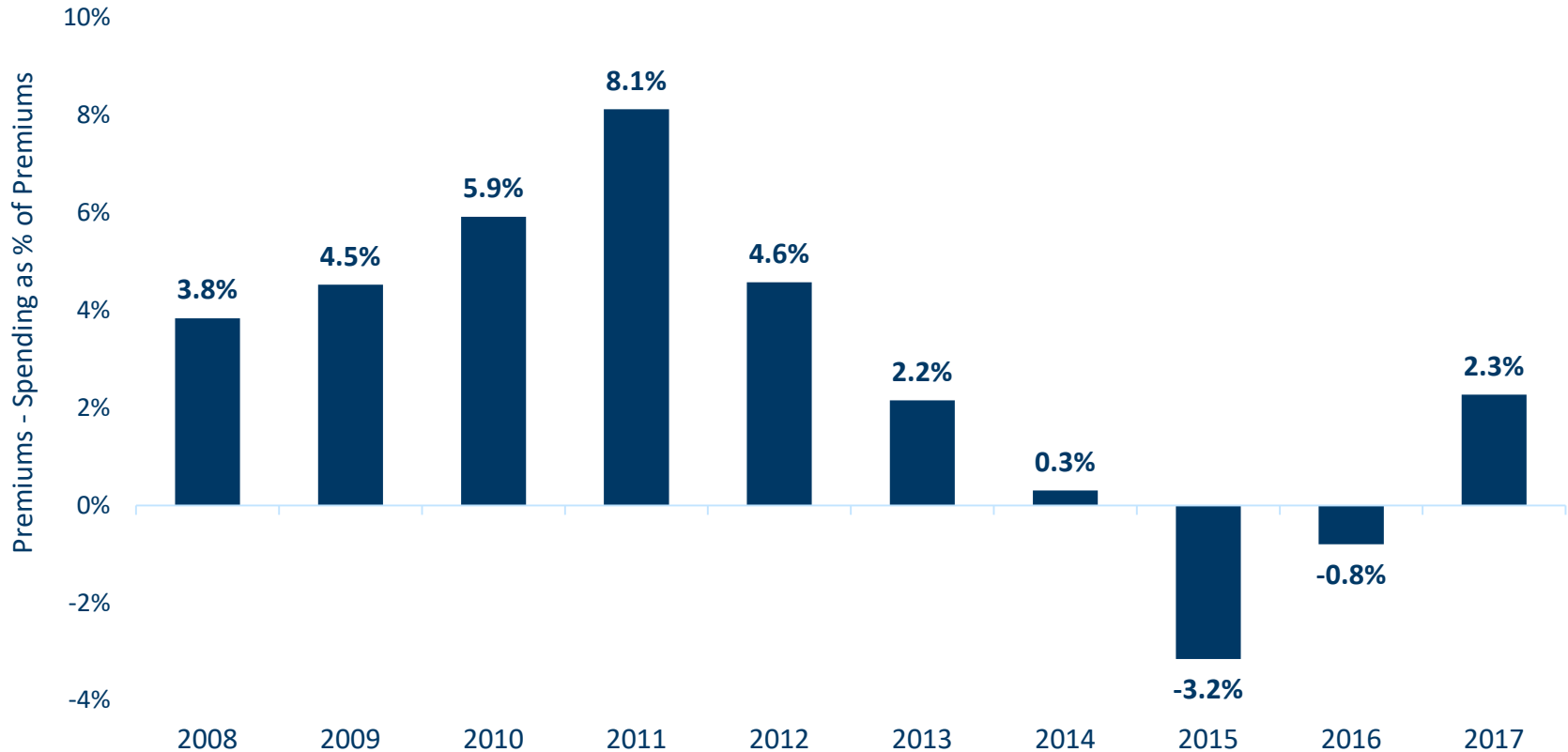
Fully-insured commercial market only.

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](#)

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



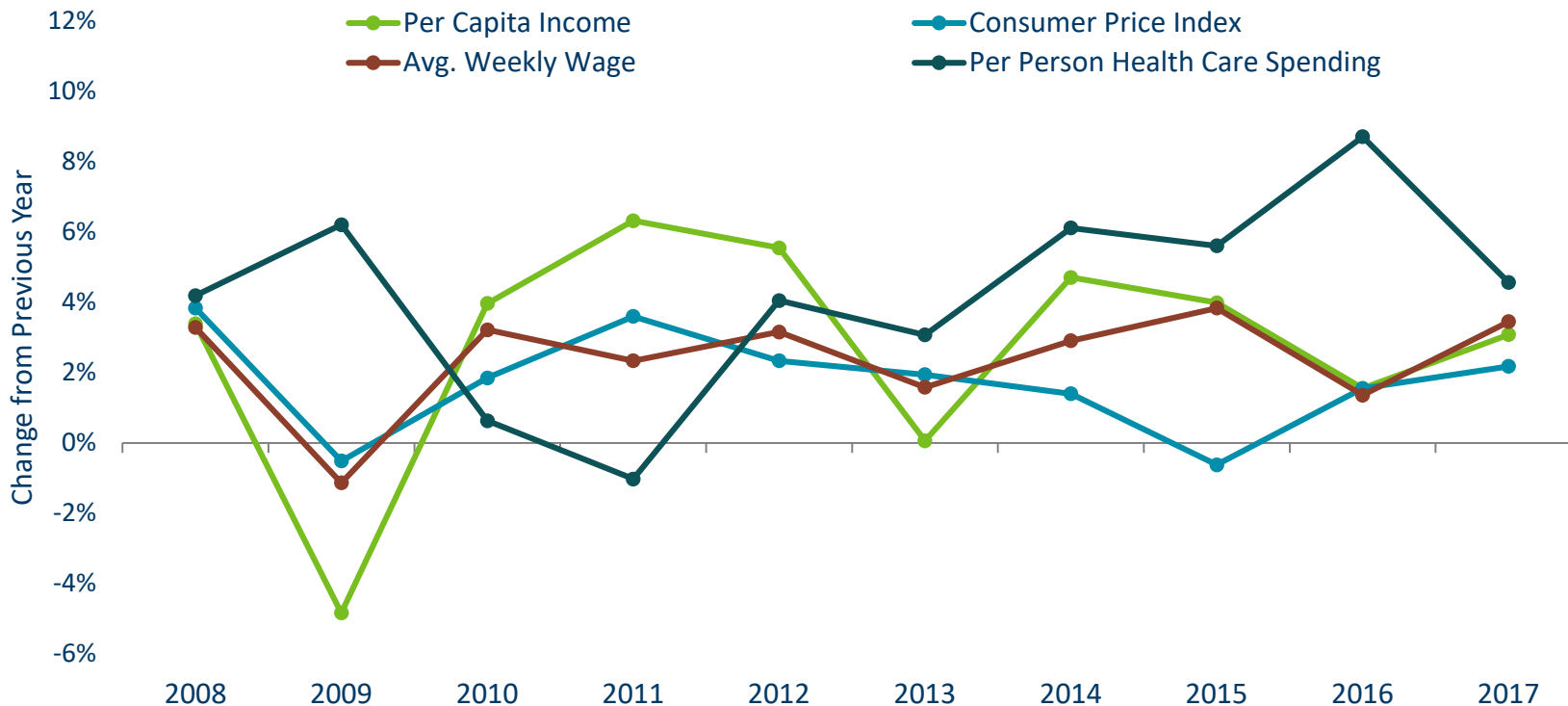
Fully-insured commercial market only. A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums.

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, 2008 to 2017



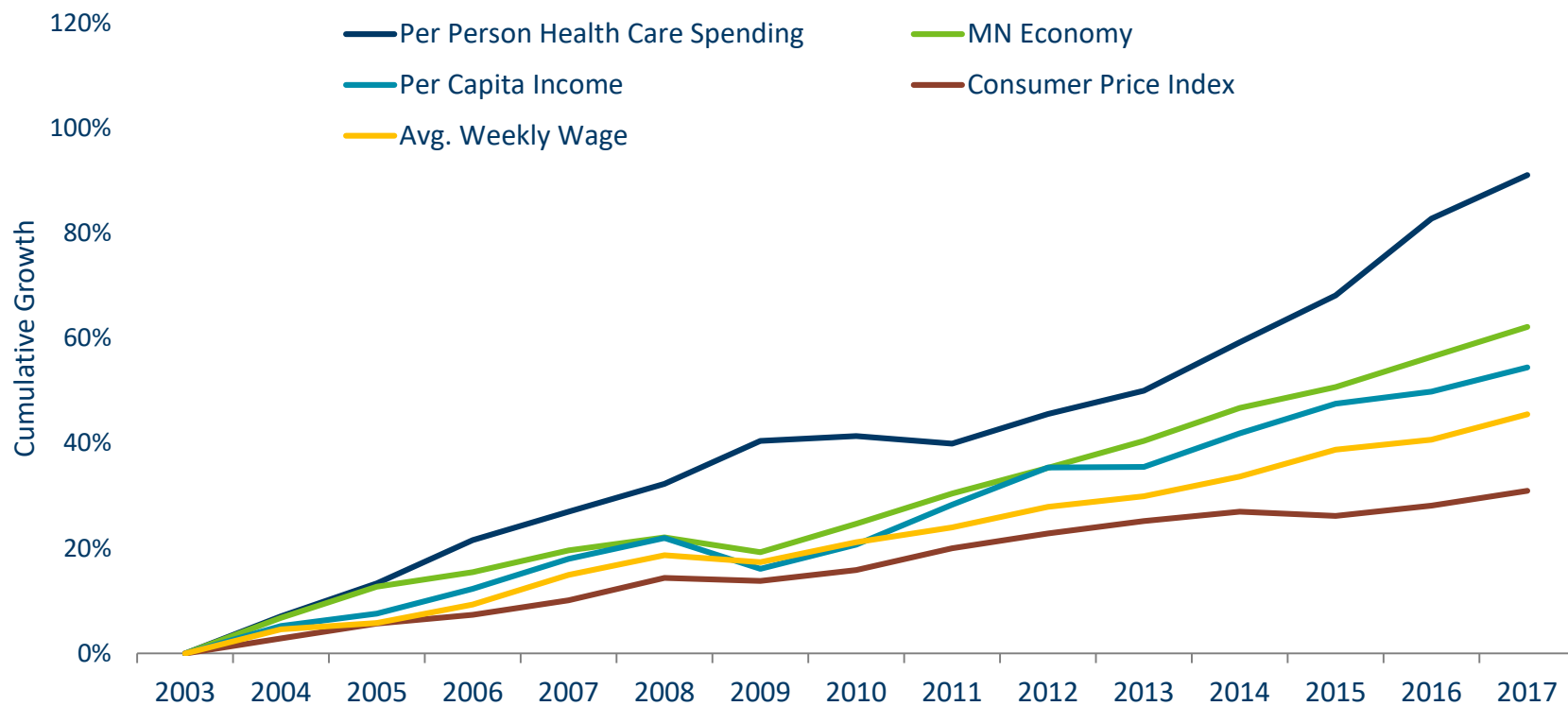
Health care cost is Minnesota fully-insured commercial spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Fully-insured commercial market only.

Sources: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies; per capita 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 October 8, 2018; average weekly workers' wages from Minnesota Department of Employment and Economic Development as of October 8, 2018.

[Summary of graph](#)

Cumulative Growth in Key Minnesota Health Care Cost and Economic Indicators, 2003 to 2017



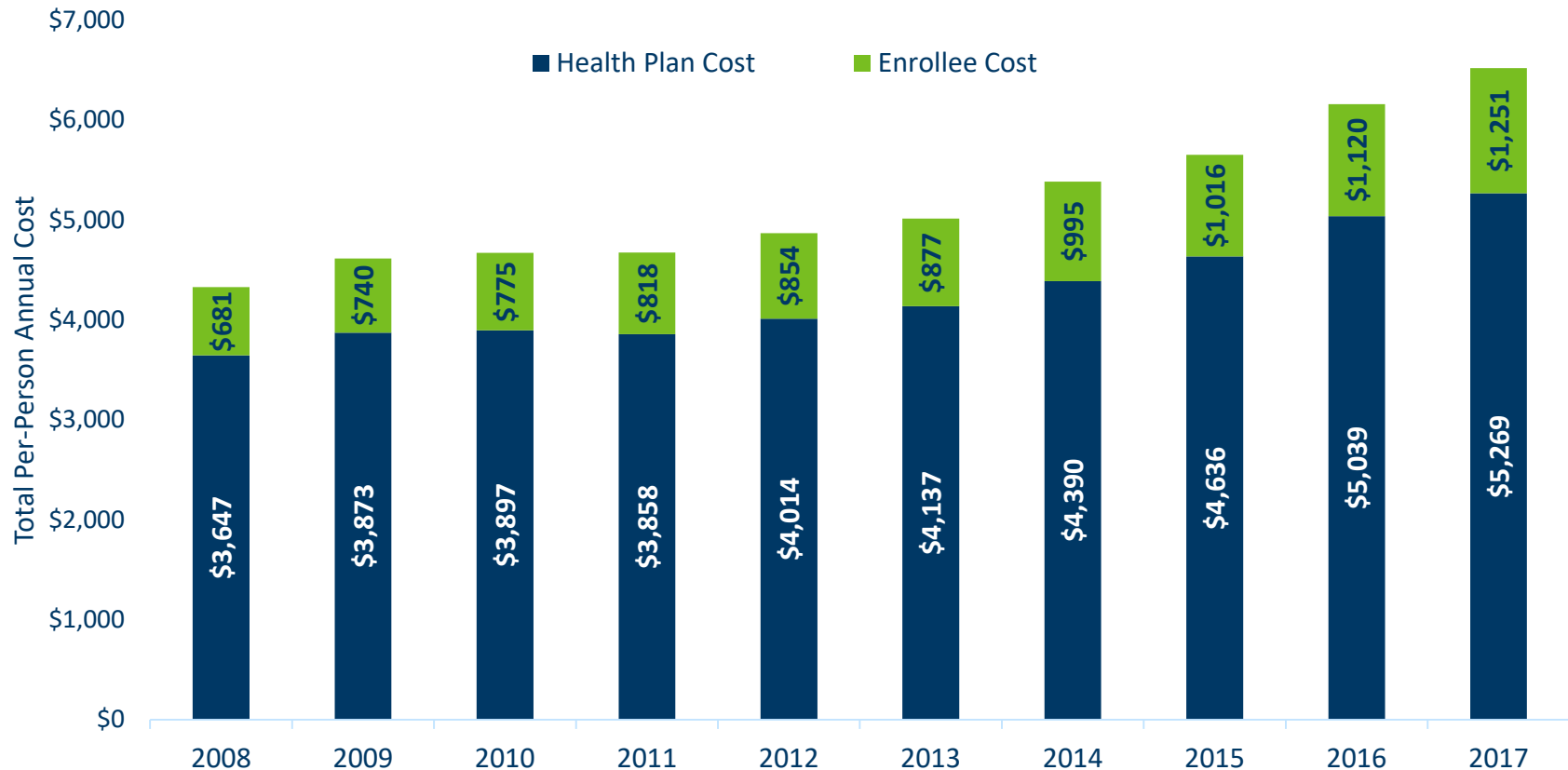
Health care spending is Minnesota fully-insured commercial spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Fully-insured commercial market only.

Sources: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies; per capita income and Gross State Product (MN Economy) from U.S. Department of Commerce, Bureau of Economic Analysis; Consumer Price Index (All Urban Consumers (CPI-U), Minneapolis-St. Paul) and Per Capita Income from U.S. Department of Labor, Bureau of Labor and Statistics, as of October 8, 2018; average weekly workers' wages from Minnesota Department of Employment and Economic Development as of October 8, 2018.

[Summary of graph](#)

Total Cost Per Person and Health Plan & Enrollee Shares



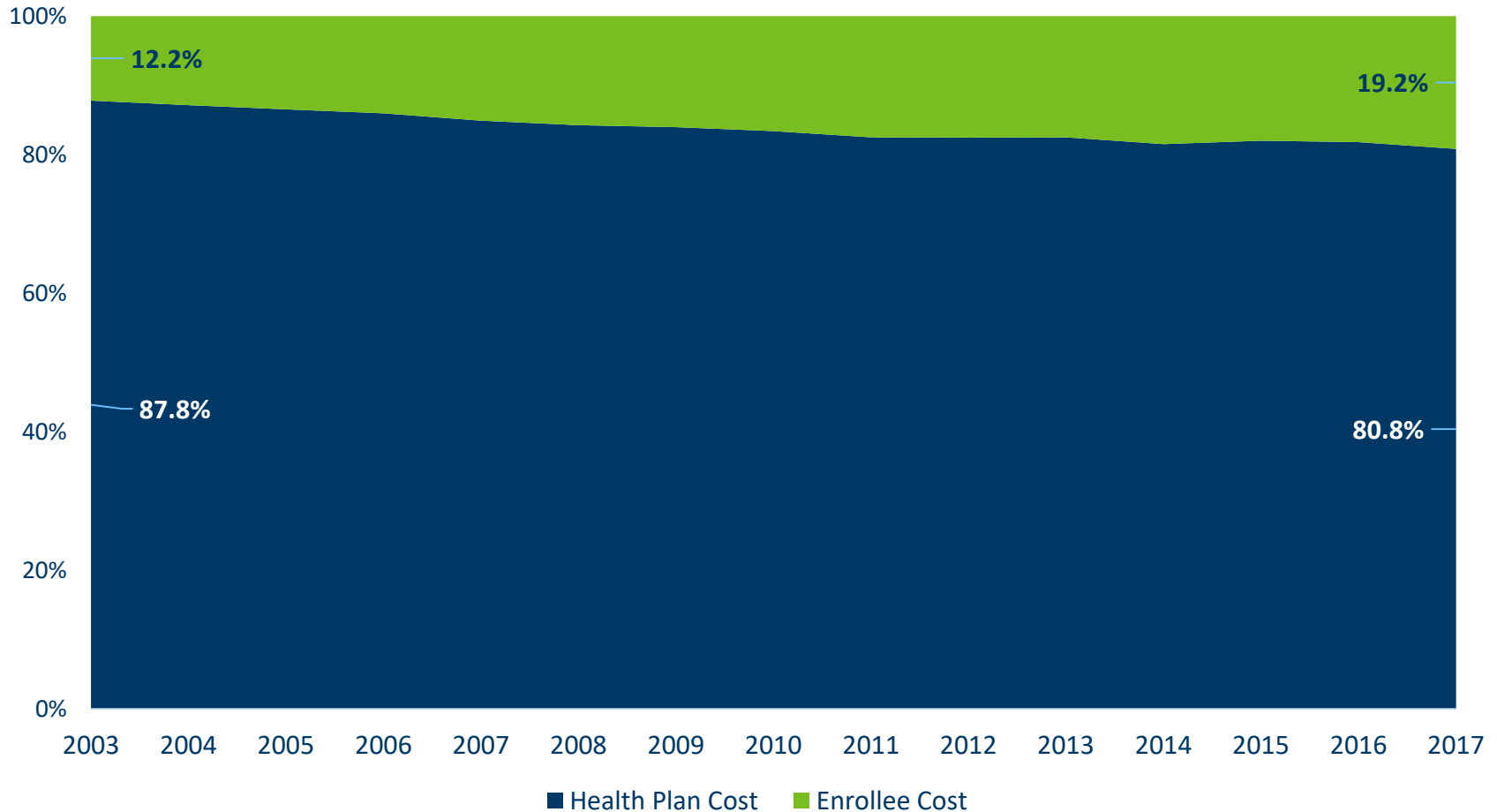
Fully-insured commercial market only.

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](#)

Percent of Private Health Insurance Costs Covered by Health Plans, Fully Insured Market



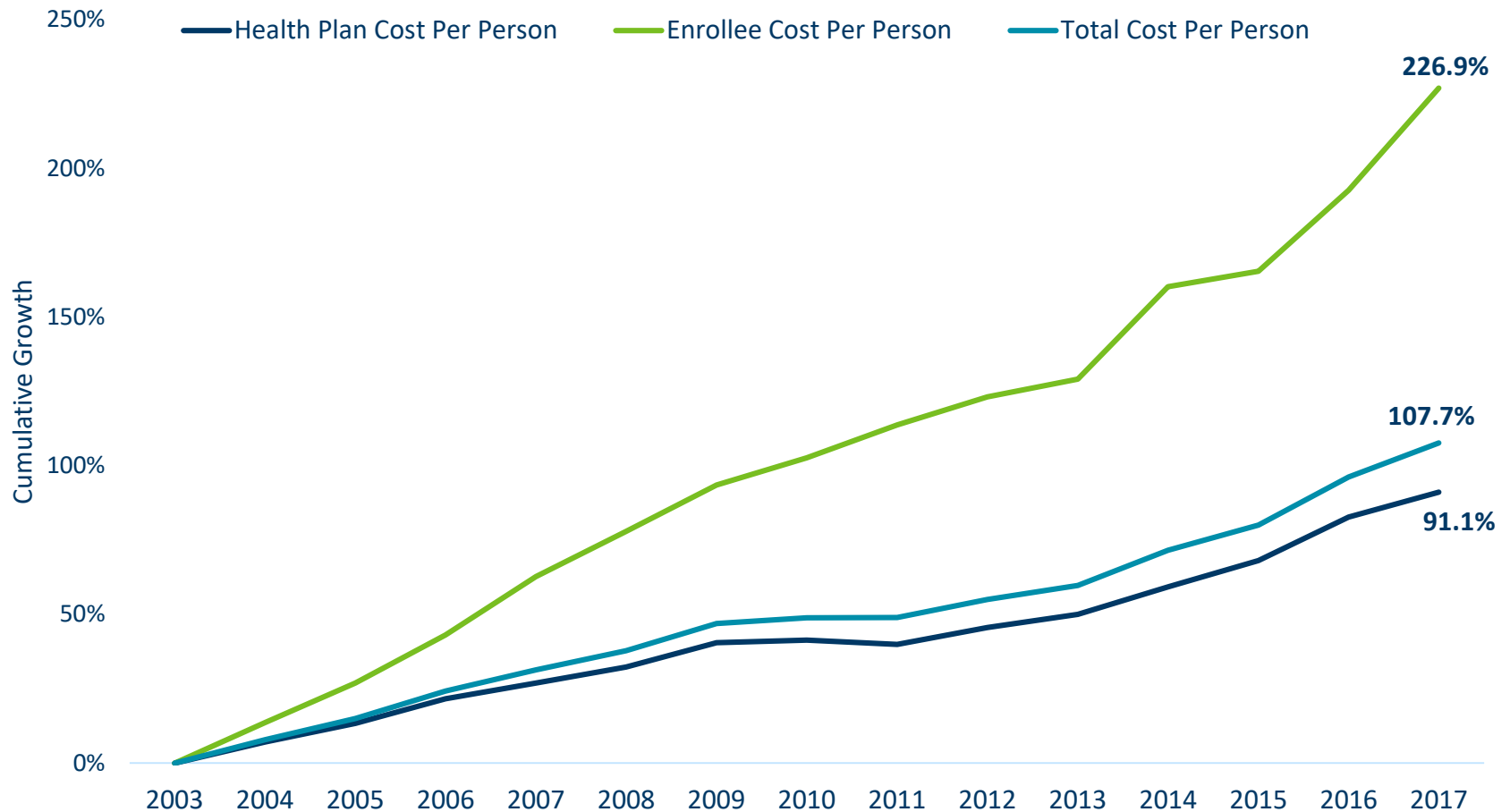
Fully-insured commercial market only.

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](#)

Cumulative Growth in Total Cost Per Person, Health Plan & Enrollee Shares



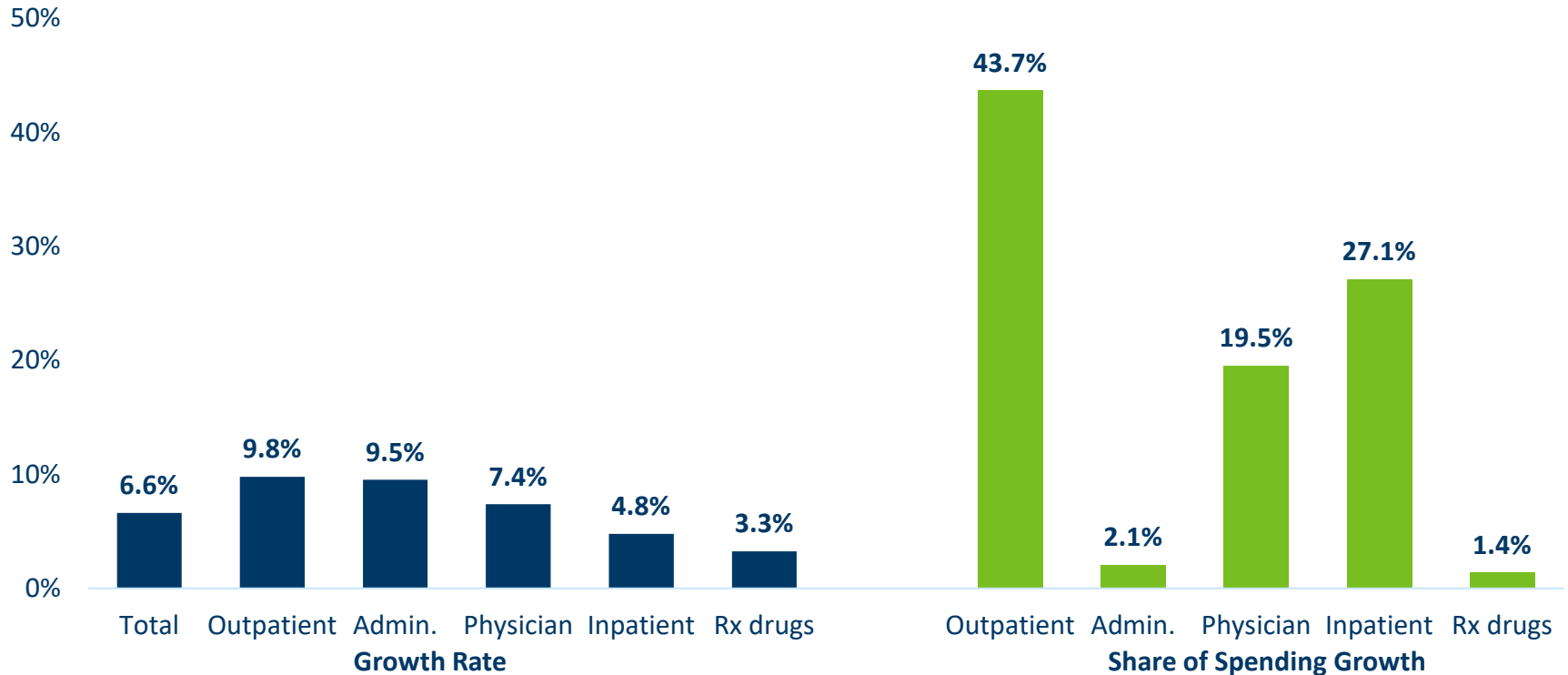
Fully-insured commercial market only.

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 Per Person, 2015 to 2017



Note: Growth rates calculated as annual growth per person over the 2-year period. For illustrative purposes “spending not itemized” and “other medical” categories are not shown. They represent approximately 11.8 percent of the growth rate, and 6.2 percent of the share of spending growth from 2015 to 2017. “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. Fully-insured commercial market only.

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
(www.health.state.mn.us/healtheconomics)
- Publications
(<https://heppublications.web.health.state.mn.us/>)
- Health Care Market Statistics (Chartbook Updates)
(<https://www.health.state.mn.us/data/economics/chartbook/index.html>)

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.