

Chartbook Section 1

Minnesota Health Care Spending and Cost Drivers

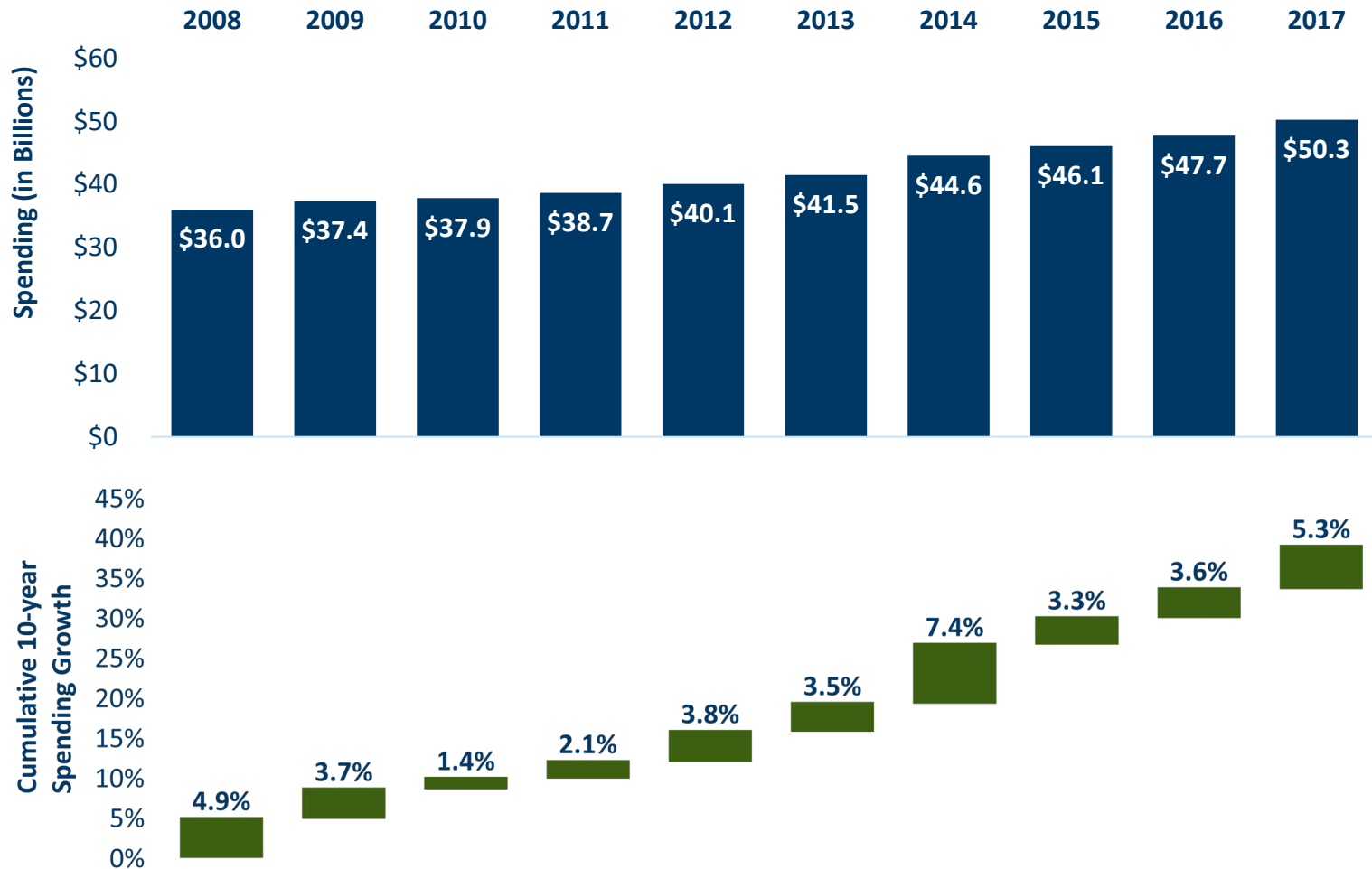
Section 1: Minnesota Health Care Spending and Cost Drivers

- 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.

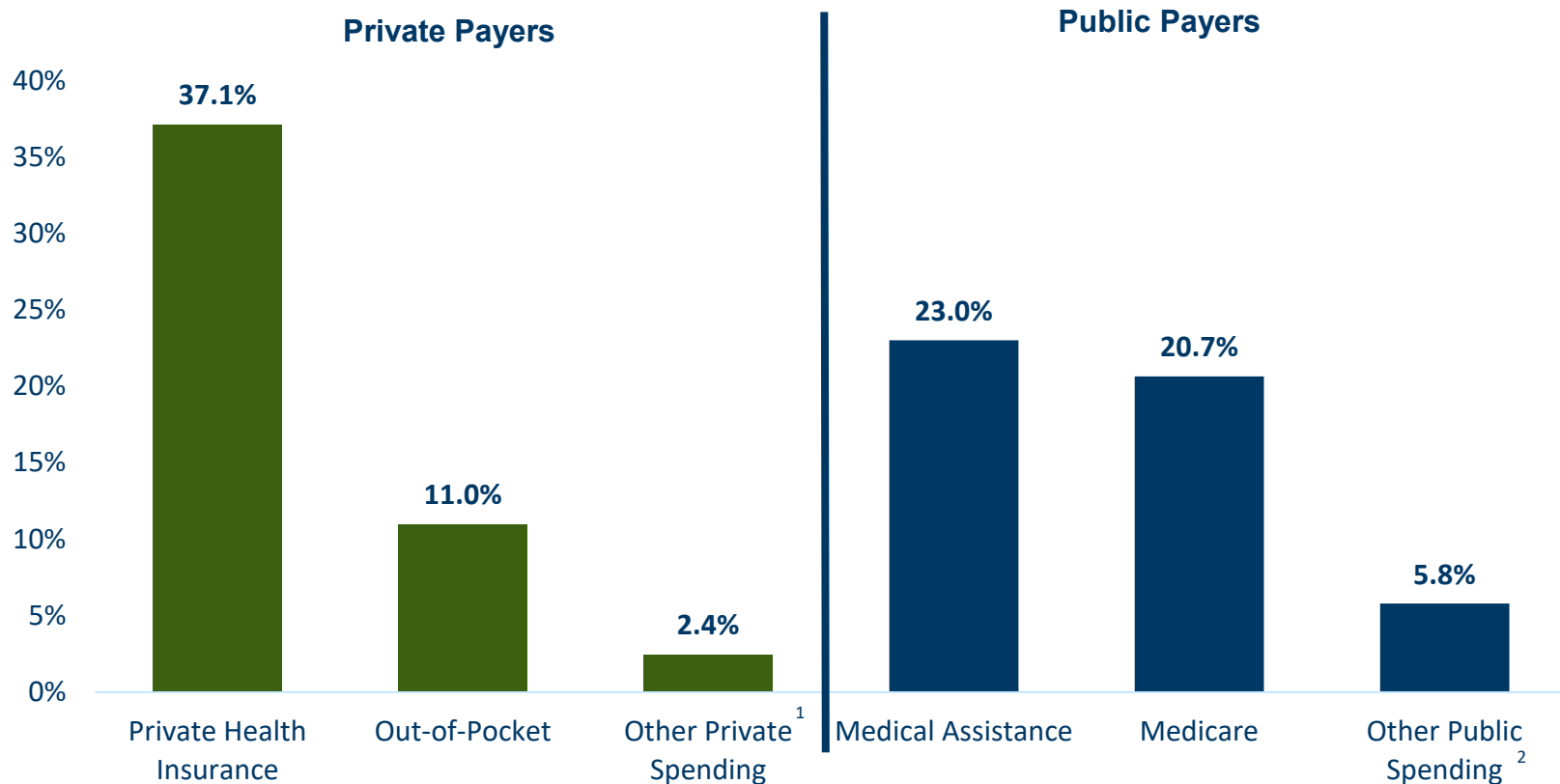
Trends In Minnesota Health Care Spending, 2008-2017



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, 2017



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, 2013 to 2017

(Millions of Dollars)

	2013	2014	2015	2016	2017
Public Spending, Total	\$19,678	\$21,714	\$22,482	\$23,041	\$24,861
Medicare	\$8,438	\$8,864	\$9,247	\$9,675	\$10,383
Medicaid	\$8,591	\$10,278	\$10,405	\$10,643	\$11,570
Other Public Spending	\$2,649	\$2,573	\$2,831	\$2,723	\$2,908
Private Spending, Total	\$21,834	\$22,871	\$23,588	\$24,695	\$25,407
Private Health Insurance	\$15,720	\$16,552	\$17,173	\$18,098	\$18,663
Out-of-Pocket	\$5,068	\$5,228	\$5,294	\$5,413	\$5,515
Other Private	\$1,047	\$1,091	\$1,121	\$1,184	\$1,229
Total	\$41,512	\$44,584	\$46,071	\$47,736	\$50,268

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.

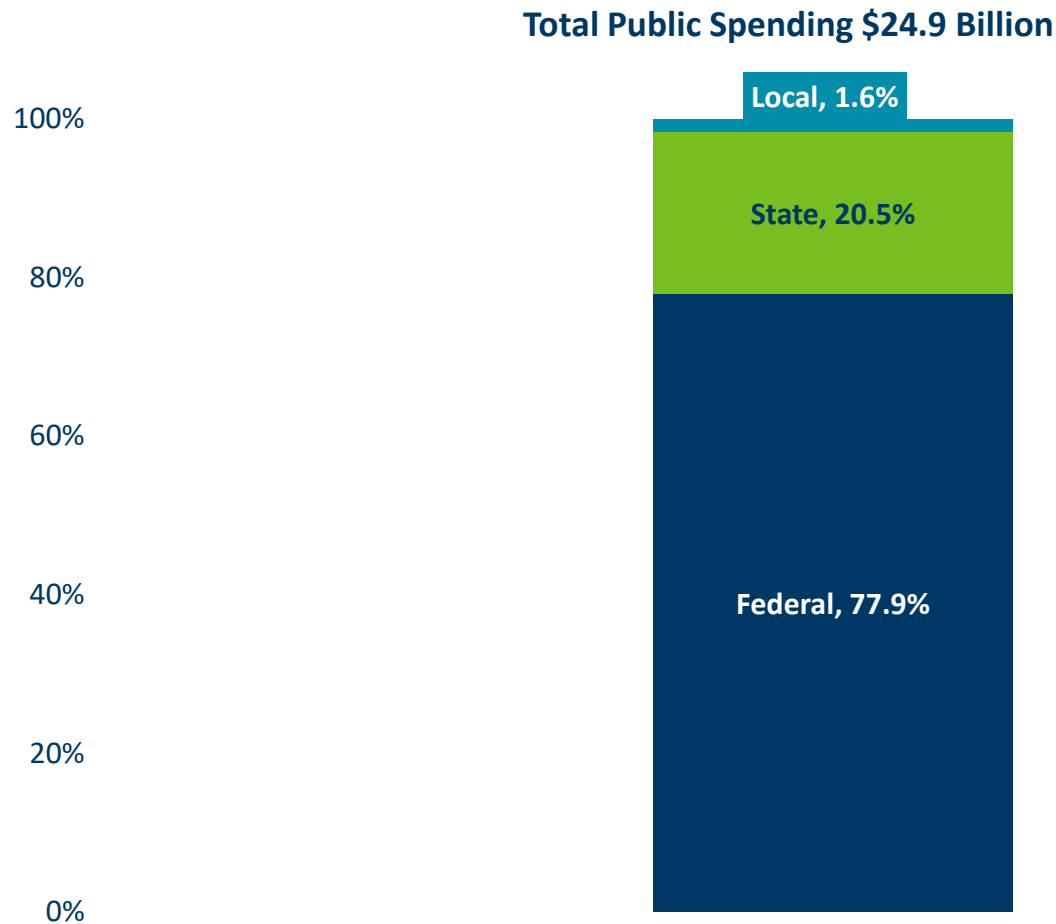
Shares of Minnesota Health Spending by Source of Funds, 2013 to 2017

	2013	2014	2015	2016	2017
Public Spending, Total	47.4%	48.7%	48.8%	48.3%	49.5%
Medicare	20.3%	19.9%	20.1%	20.3%	20.7%
Medicaid	20.7%	23.1%	22.6%	22.3%	23.0%
Other Public Spending	6.4%	5.8%	6.1%	5.7%	5.8%
Private Spending, Total	52.6%	51.3%	51.2%	51.7%	50.5%
Private Health Insurance	37.9%	37.1%	37.3%	37.9%	37.1%
Out-of-Pocket	12.2%	11.7%	11.5%	11.3%	11.0%
Other Private	2.5%	2.4%	2.4%	2.5%	2.4%
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.

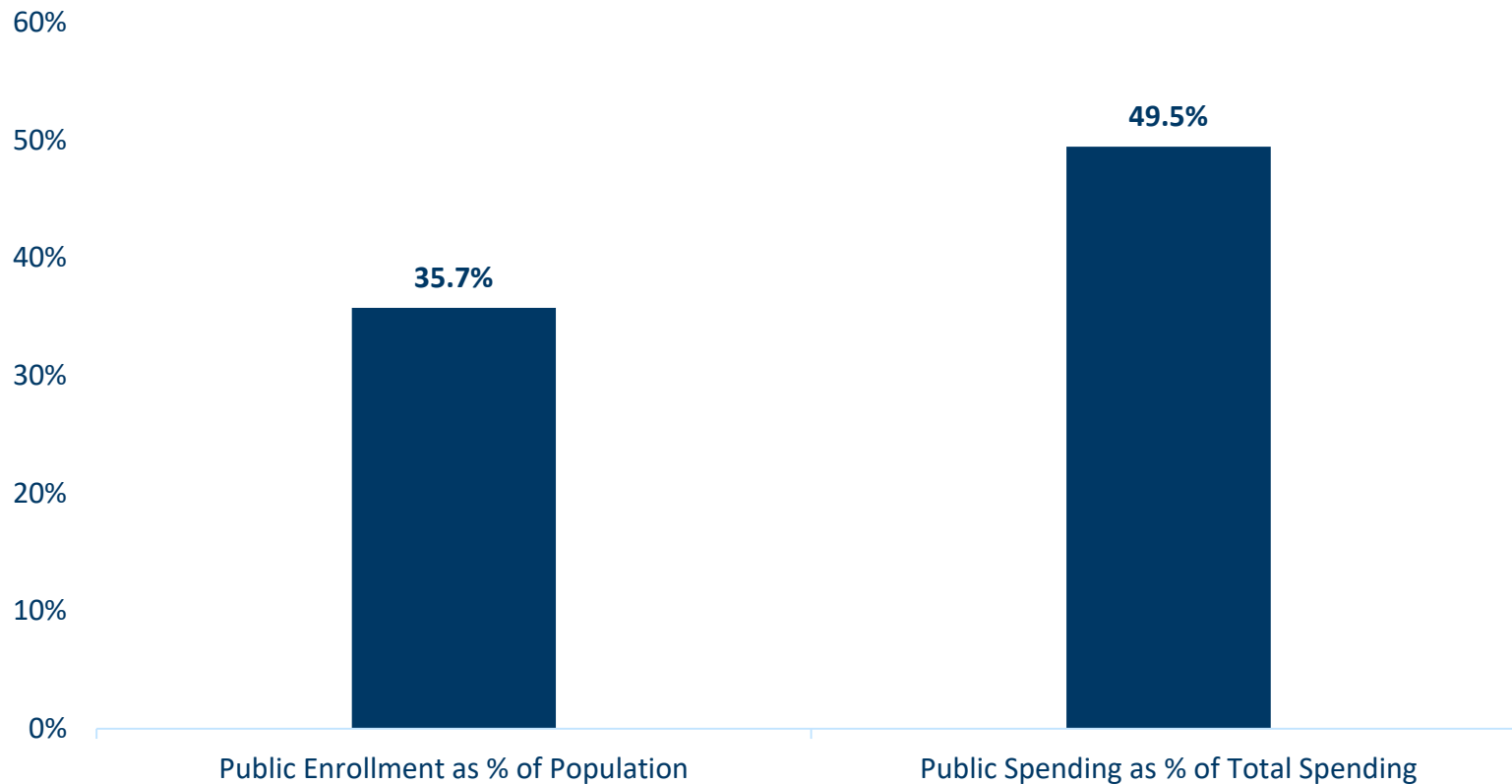
Public Spending for Health Care in Minnesota: Federal, State, and Local Shares, 2017



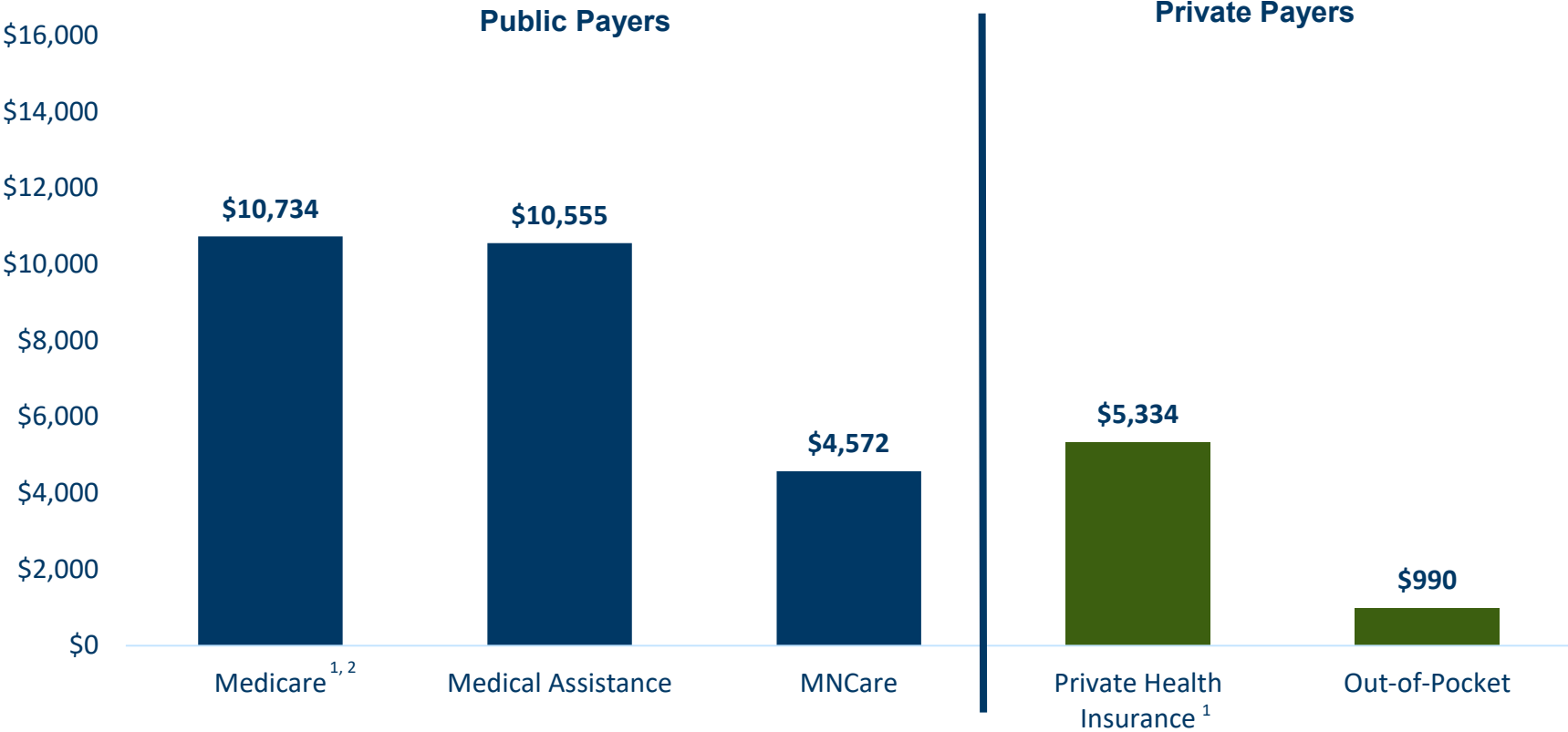
Sources: MDH Health Economics Program; Minnesota Department of Human Services, February 2019 Expenditure Forecast. Spending is based on program payer. Excludes school-based health clinics as funding is variable and comes from external government resources.

[Summary of graph](#)

Public Programs' Share of Population vs. Share of Health Care Spending, 2017



Minnesota Health Care Spending per Person by Payment Source, 2017



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, 2013 to 2017

(Millions of Dollars)

	2013	2014	2015	2016	2017	Change from 2016
Public Spending	\$12,216	\$12,082	\$11,684	\$11,775	\$12,490	6.1%
Medicare ^{1,2}	\$9,772	\$9,974	\$10,122	\$10,287	\$10,734	4.3%
Medical Assistance	\$11,575	\$10,414	\$9,673	\$9,835	\$10,555	7.3%
MinnesotaCare	\$4,682	\$5,239	\$4,781	\$3,814	\$4,572	19.9%
Private Spending^{1,3}	\$6,504	\$6,807	\$7,095	\$7,538	\$7,868	4.4%
Total	\$7,668	\$8,178	\$8,403	\$8,643	\$9,028	4.5%

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, 2017



Sources: MDH Health Economics Program; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, 2017; Best's Aggregates and Averages (Property/Casualty), 2018 edition. May not total to 100% due to rounding.

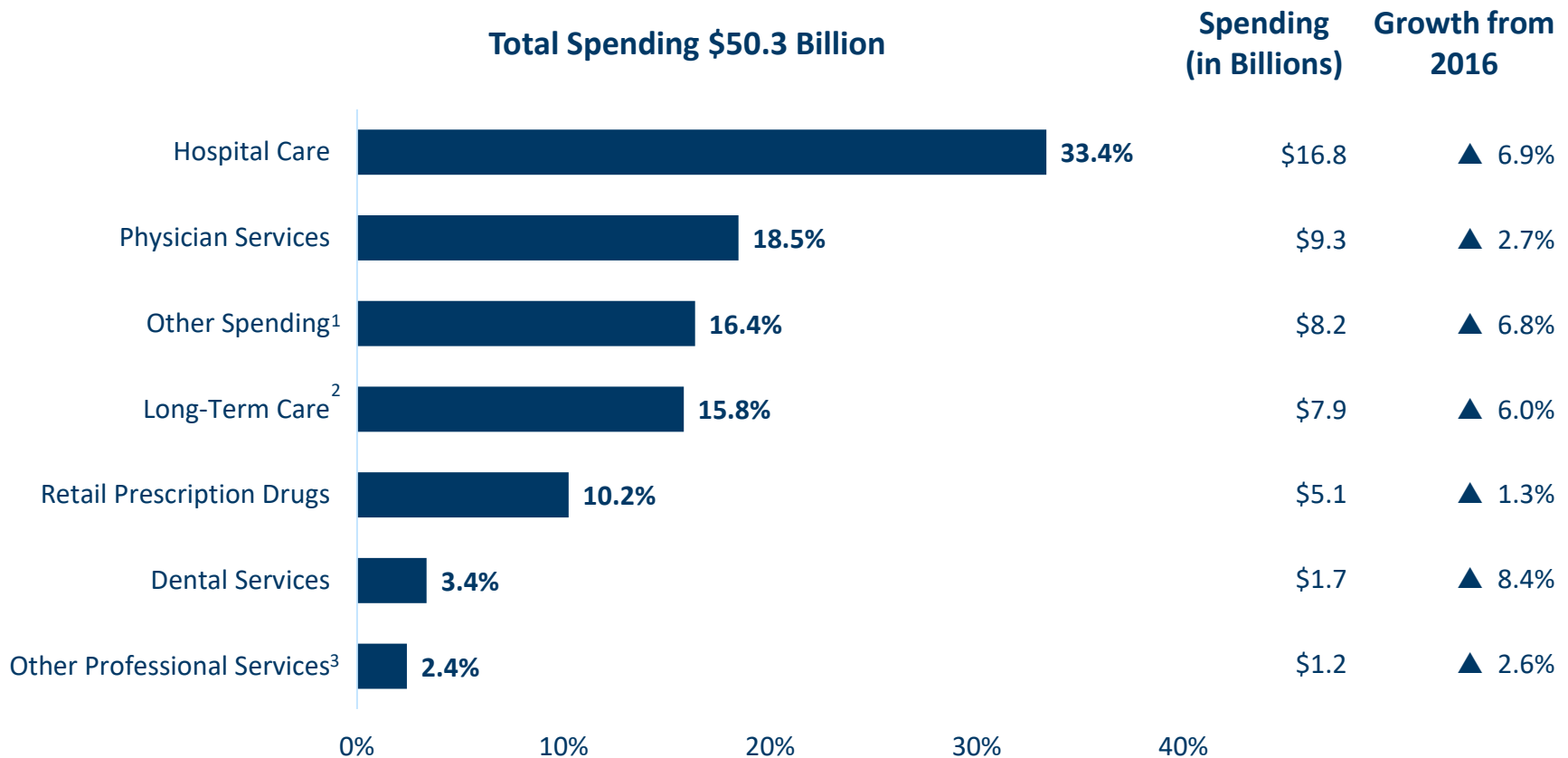
Local and state government employers' health care spending included in business spending.

[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, 2017



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

¹Includes 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.

²Includes home health care services.

³Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)

Minnesota Health Care Spending by Categories of Service, 2013 to 2017

(Millions of Dollars)

	2013	2014	2015	2016	2017
Inpatient Hospital	\$8,004	\$8,286	\$8,567	\$8,615	\$9,160
Outpatient Hospital	\$5,910	\$6,478	\$6,818	\$7,071	\$7,609
Physician Services	\$7,694	\$7,963	\$8,254	\$9,037	\$9,281
Long-Term Care ¹	\$6,146	\$6,612	\$6,962	\$7,494	\$7,946
Retail Prescription Drugs	\$4,150	\$4,689	\$5,044	\$5,078	\$5,146
Dental	\$1,378	\$1,409	\$1,633	\$1,563	\$1,694
Other Professional Services ²	\$1,237	\$1,365	\$1,387	\$1,179	\$1,210
Other Spending ³	\$6,992	\$7,783	\$7,405	\$7,699	\$8,221
Total	\$41,512	\$44,584	\$46,071	\$47,736	\$50,268
Growth from previous year	3.5%	7.4%	3.3%	3.6%	5.3%

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, 2013 to 2017

	2013	2014	2015	2016	2017
Inpatient Hospital	19.3%	18.6%	18.6%	18.0%	18.2%
Outpatient Hospital	14.2%	14.5%	14.8%	14.8%	15.1%
Physician Services	18.5%	17.9%	17.9%	18.9%	18.5%
Long-Term Care ¹	14.8%	14.8%	15.1%	15.7%	15.8%
Retail Prescription Drugs	10.0%	10.5%	10.9%	10.6%	10.2%
Dental	3.3%	3.2%	3.5%	3.3%	3.4%
Other Professional Services ²	3.0%	3.1%	3.0%	2.5%	2.4%
Other Spending ³	16.8%	17.5%	16.1%	16.1%	16.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MDH Health Economics Program.

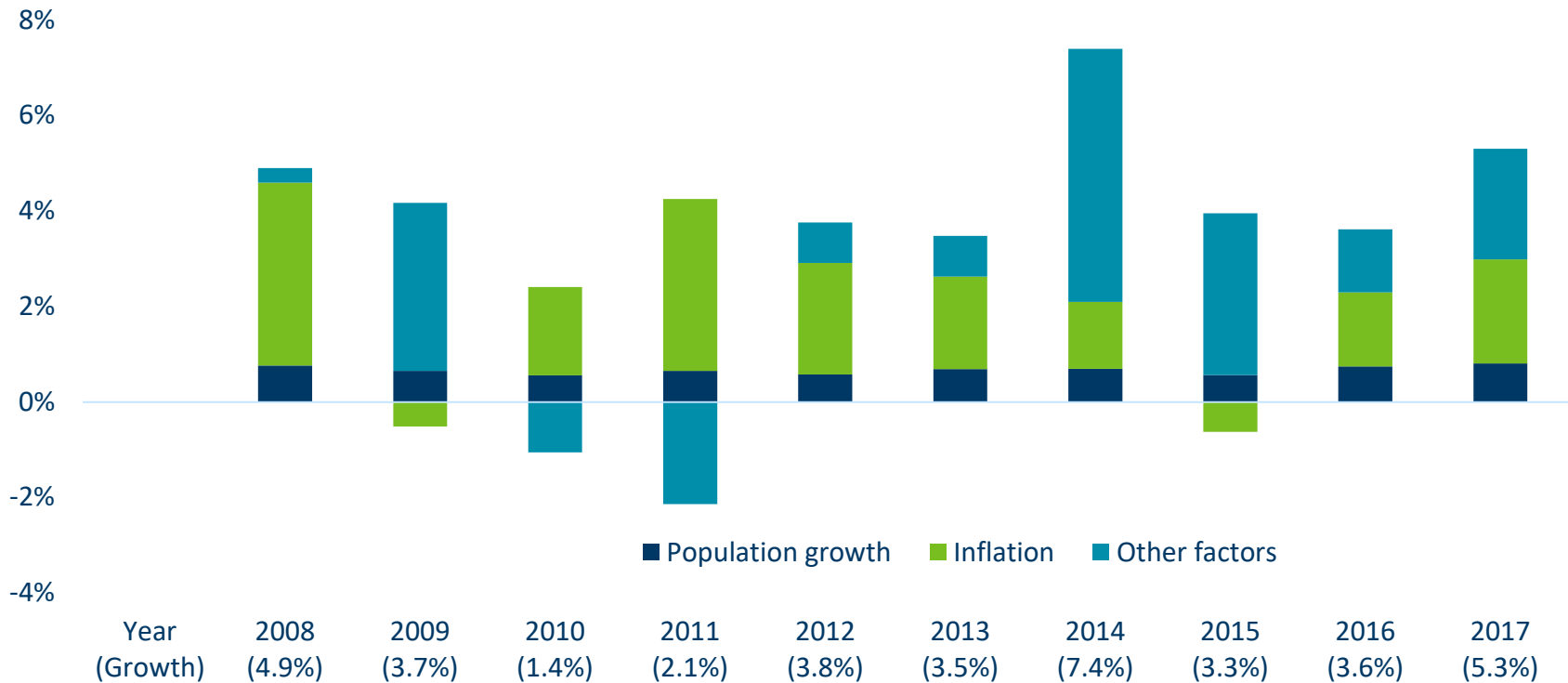
¹Includes home health care services.

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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.

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Factors Accounting for Health Care Spending Growth in Minnesota, 2008 to 2017



Source: MDH Health Economics Program.

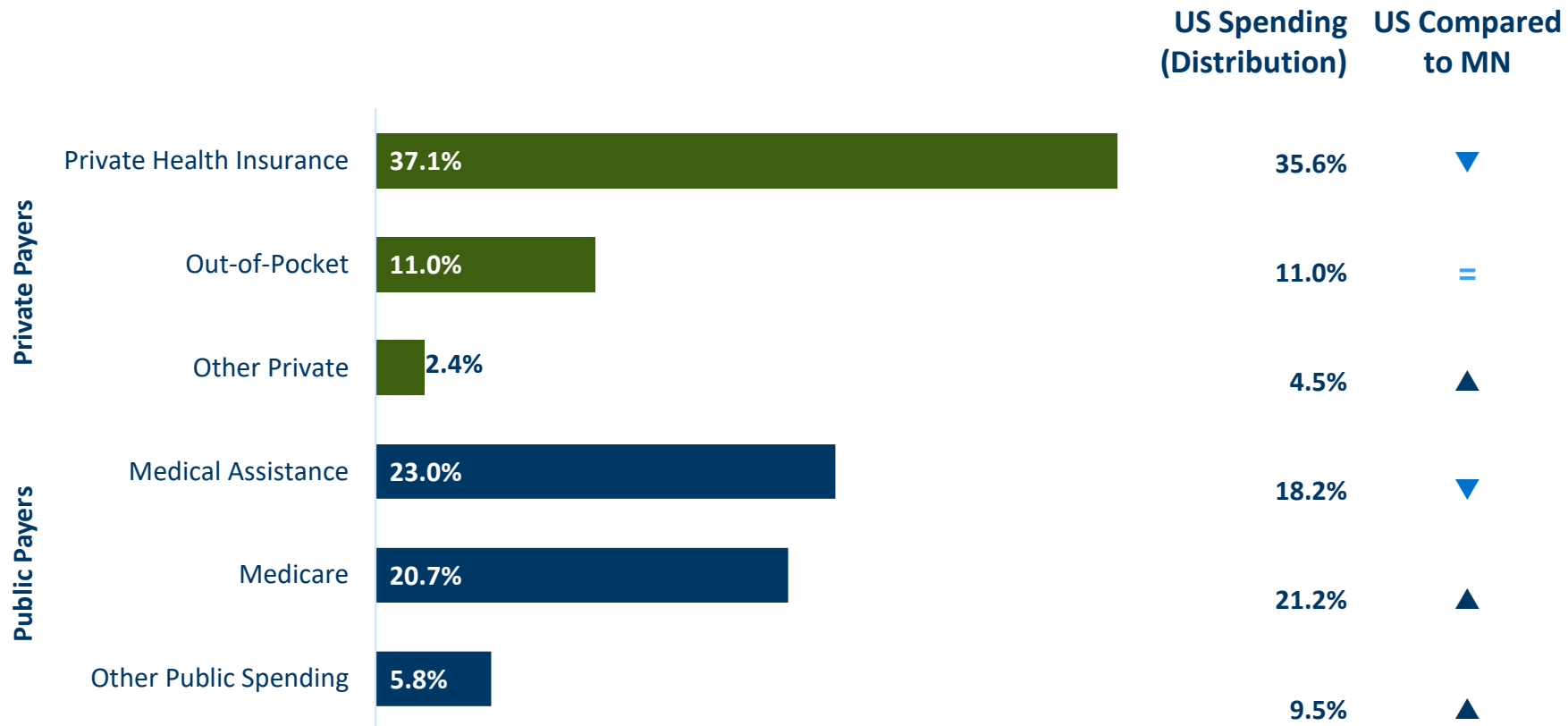
Revisions to historic time series may lead to slight variation from previously published estimates. Where factors are negative, it indicates that the factor helped to limit spending growth.

[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.

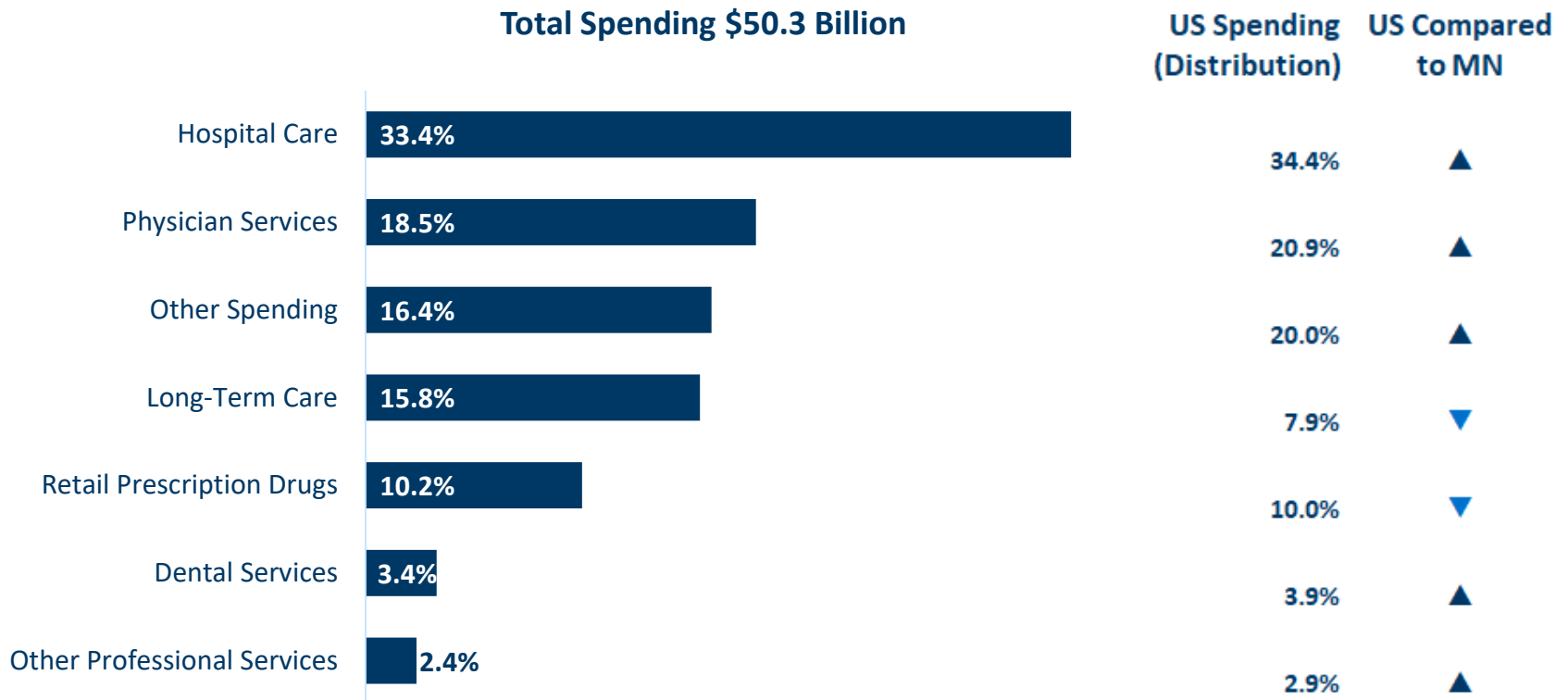
Minnesota and U.S. Health Care Spending: Where It Came From, 2017



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2017.

[Summary of graph](#)

Minnesota and U.S. Health Care Spending: Where it Went, 2017



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2017.

¹Includes 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.

²Includes home health care services.

³Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)

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

	2013	2014	2015	2016	2017
Per Capita Health Care Spending:					
Minnesota	\$7,668	\$8,178	\$8,403	\$8,643	\$9,028
U.S.	\$8,633	\$9,049	\$9,514	\$9,914	\$10,224
Health Care Spending as a Share of the Economy:					
Minnesota	13.6%	14.0%	14.0%	14.1%	14.4%
U.S.	16.3%	16.4%	16.7%	17.1%	17.1%

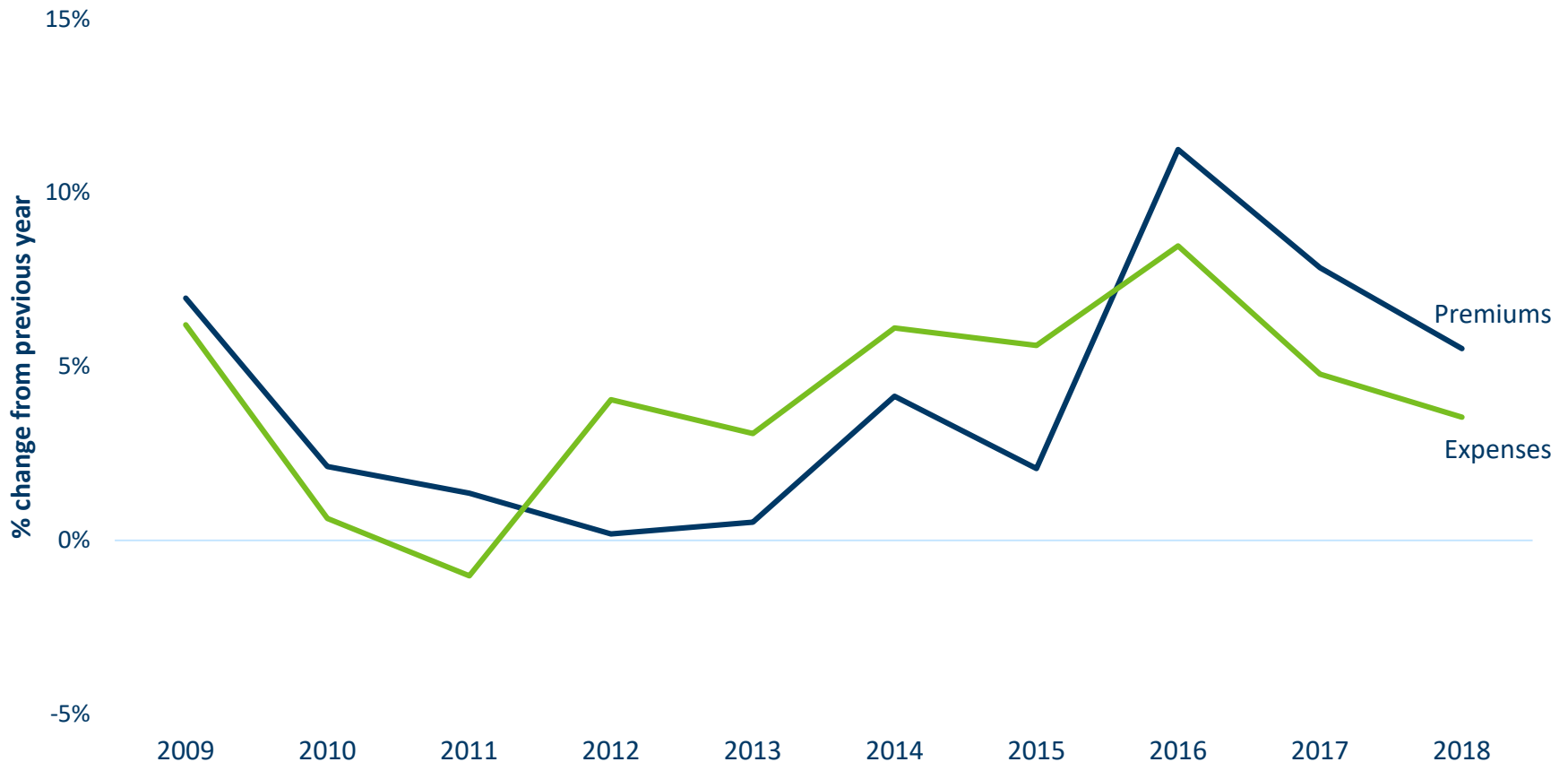
Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2017; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis updated through March 23, 2019.

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



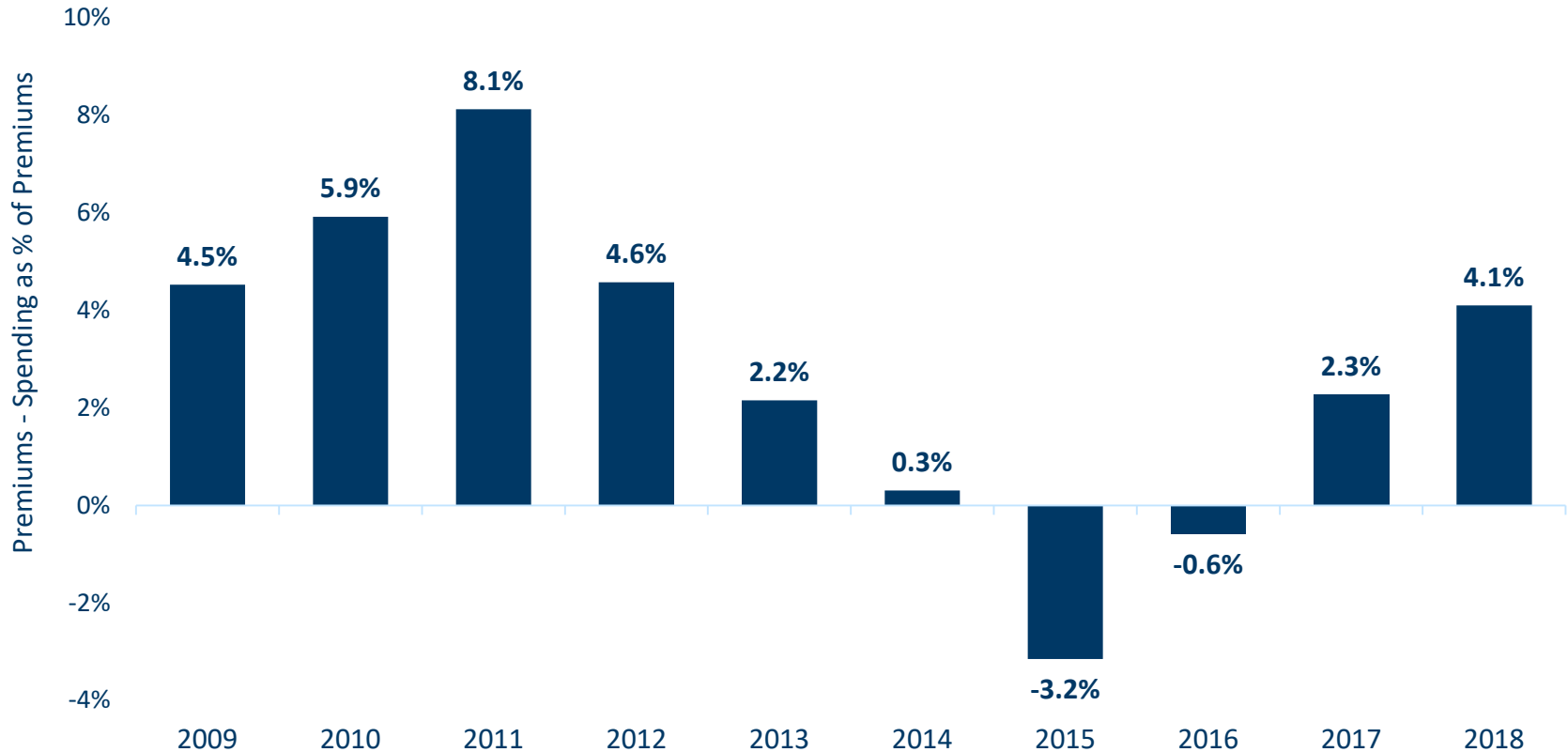
Fully-insured commercial market only.

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



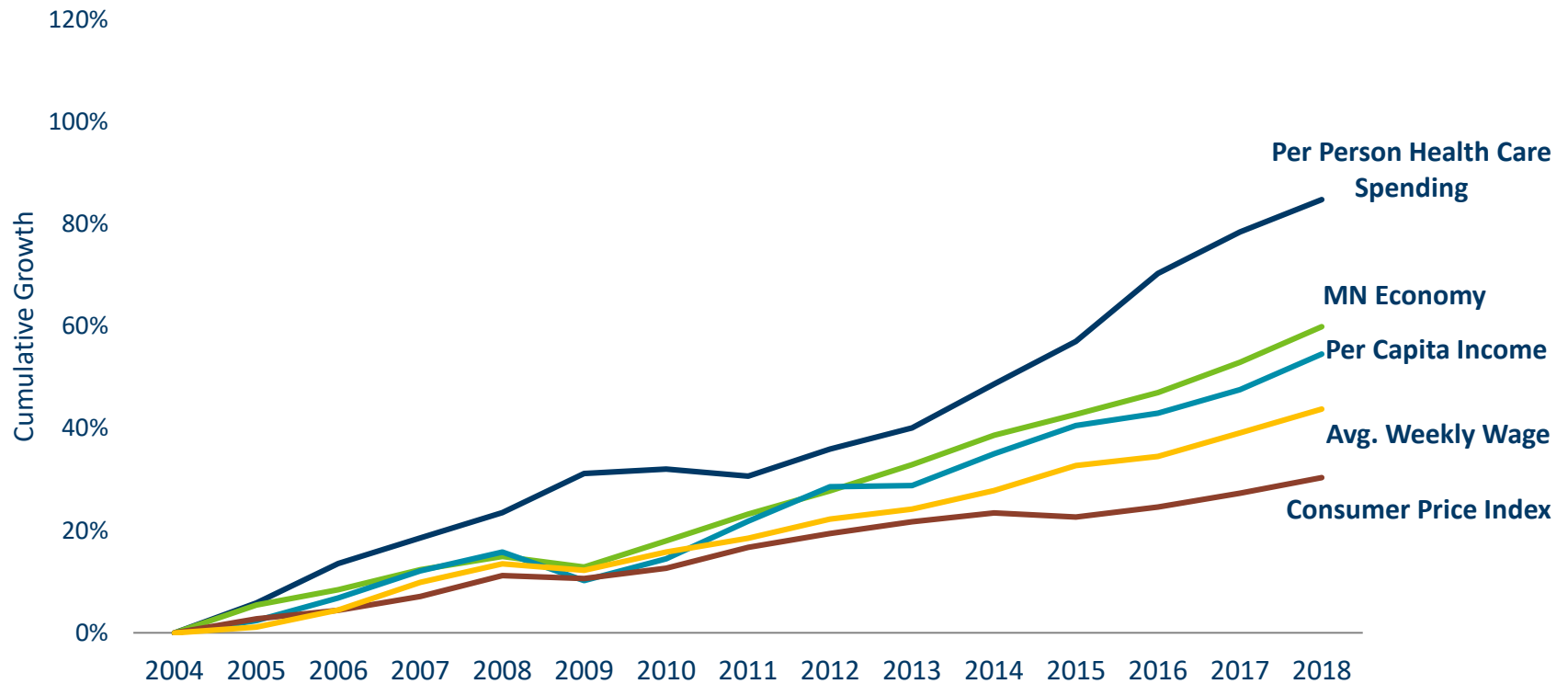
Fully-insured commercial market only. A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums.

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

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[Summary of graph](#)

Cumulative Growth in Key Minnesota Health Care Cost and Economic Indicators, 2004 to 2018



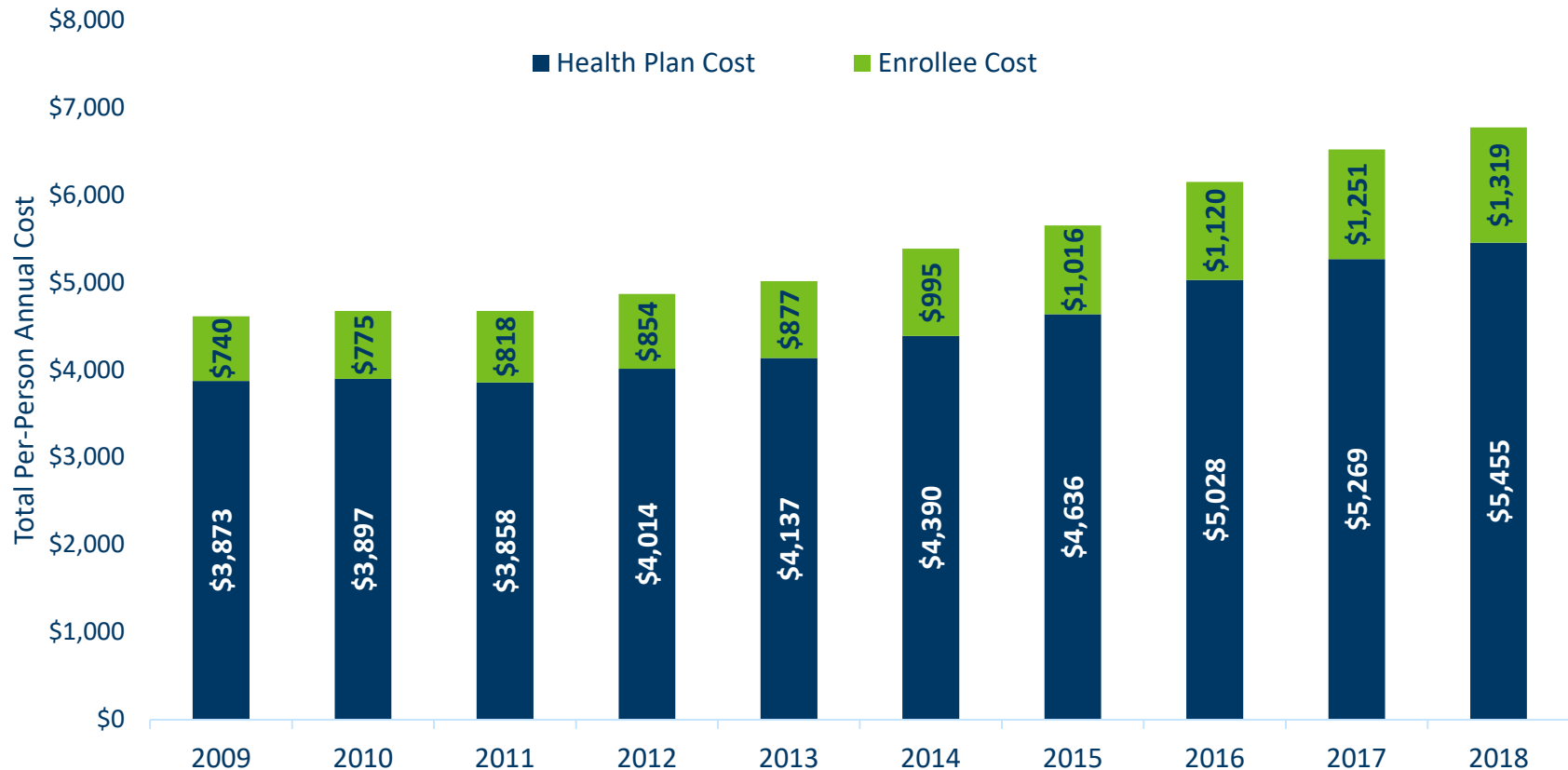
Health care spending is Minnesota fully-insured commercial spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

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 November 4, 2019; average weekly workers' wages from Minnesota Department of Employment and Economic Development as of November 4, 2019.

[Summary of graph](#)

Total Cost Per Person and Health Plan & Enrollee Shares



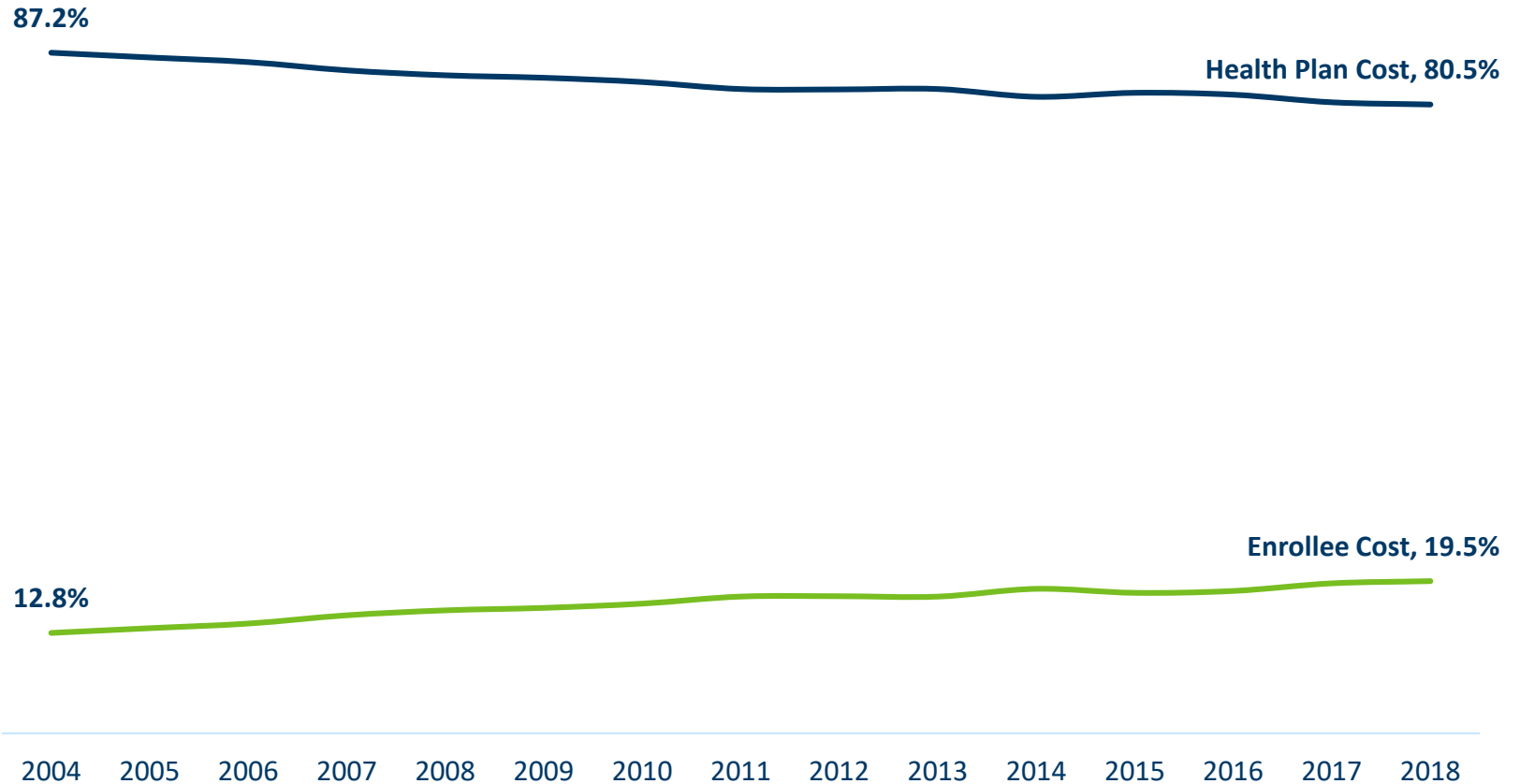
Fully-insured commercial market only.

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

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[Summary of graph](#)

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



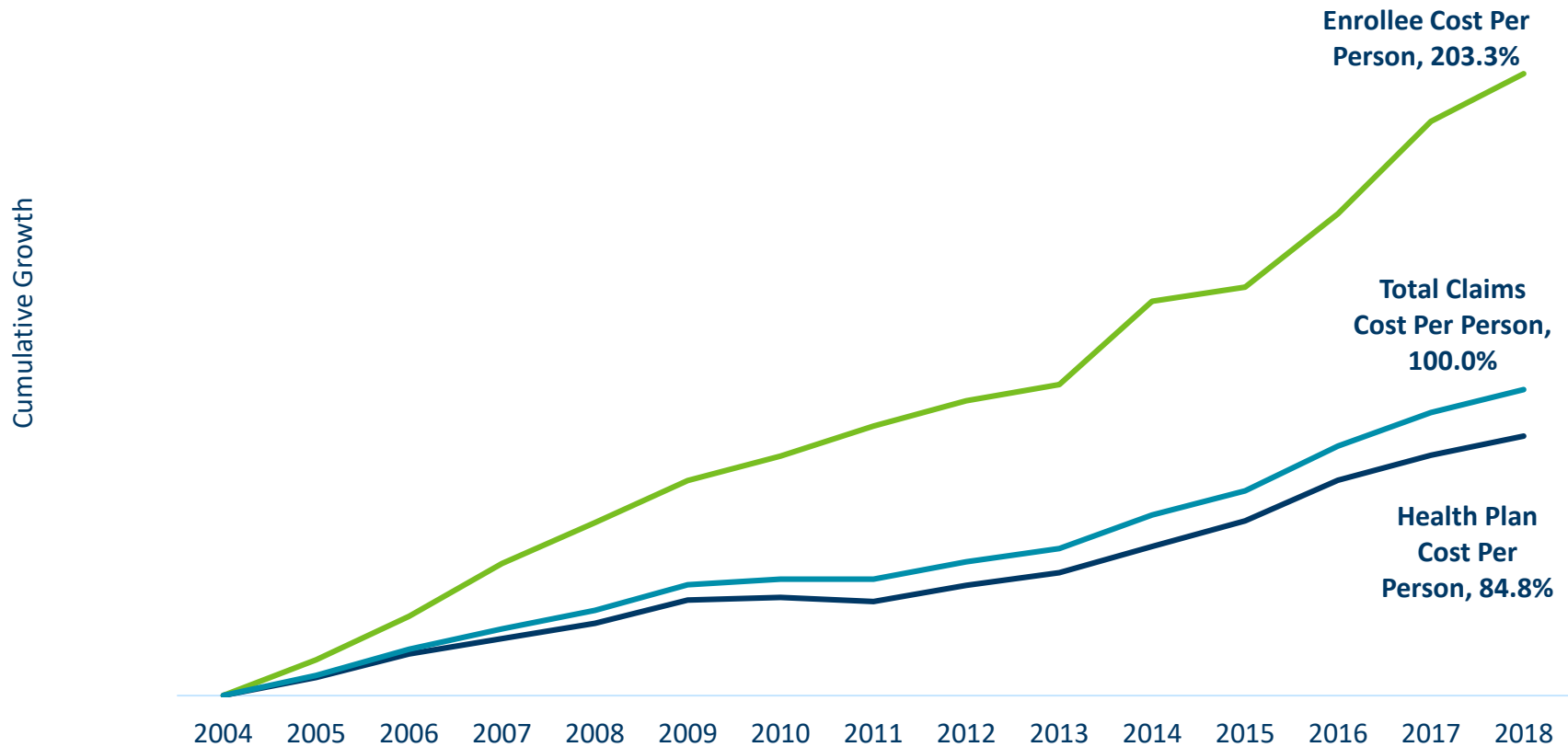
Fully-insured commercial market only.

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

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[Summary of graph](#)

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



Fully-insured commercial market only.

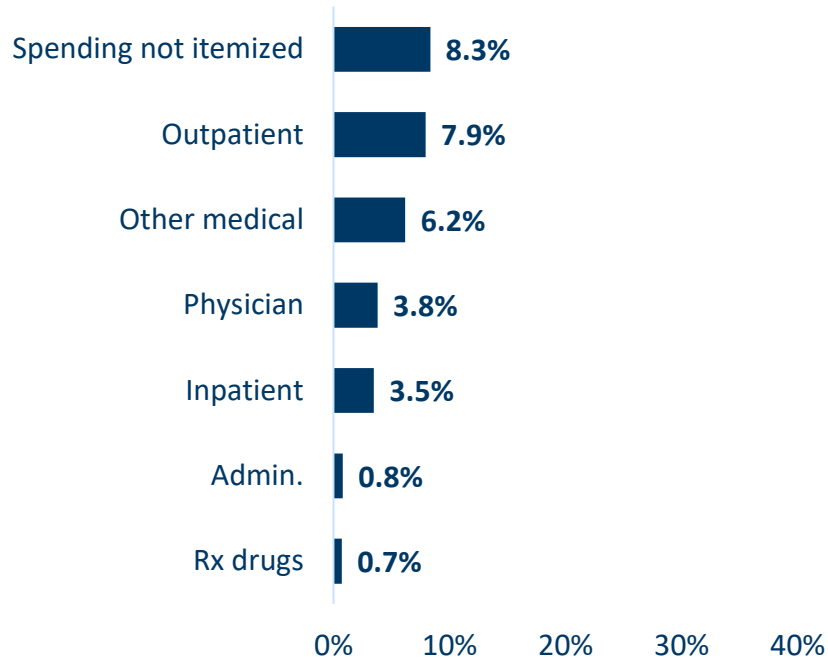
Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.

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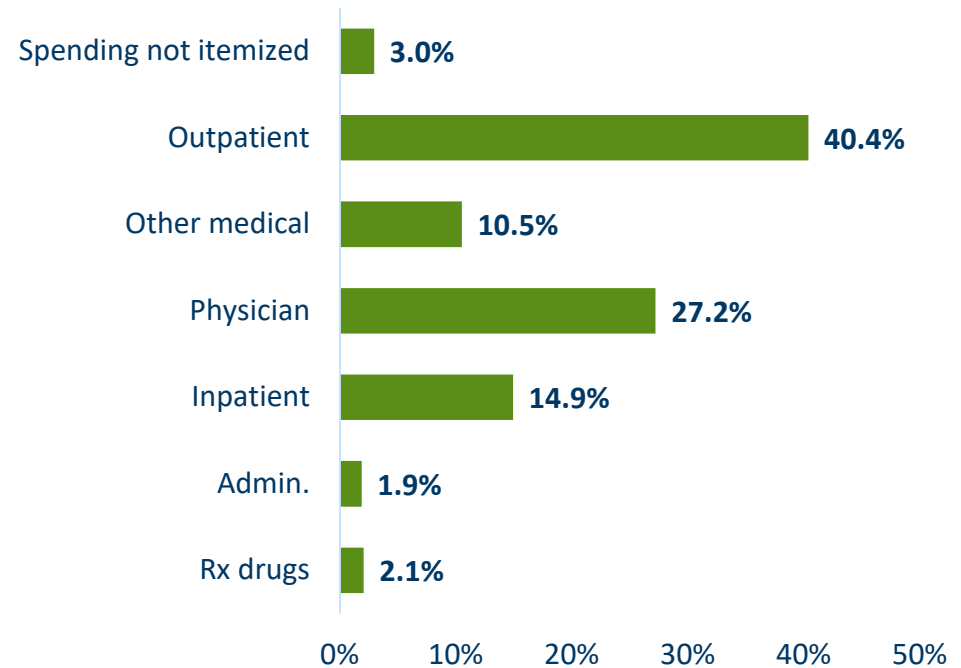
[Summary of graph](#)

Health Care Cost Drivers: Spending and Shares of Growth by Service Per Person, 2016 to 2018

Annual Average Growth Rate (Total = 4.2%)



Share of Spending Growth



Note: Growth rates calculated as annual growth per person 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.

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>)

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