

# Chartbook Section 1

## Minnesota Health Care Spending and Cost Drivers

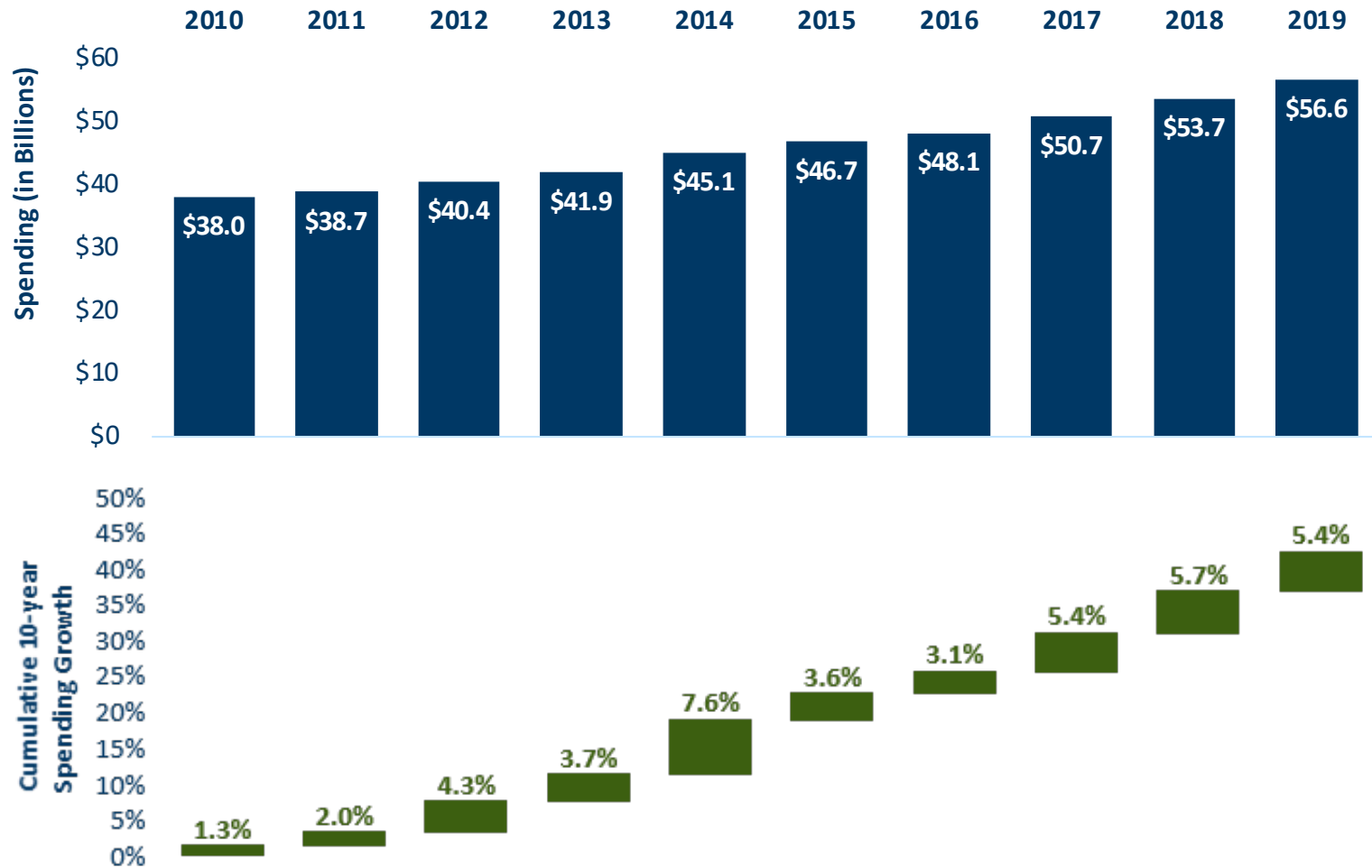
# Section 1: Minnesota Health Care Spending and Cost Drivers

- 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 651-201-4520 or [health.hep@state.mn.us](mailto:health.hep@state.mn.us) if additional assistance is needed for accessing this information.

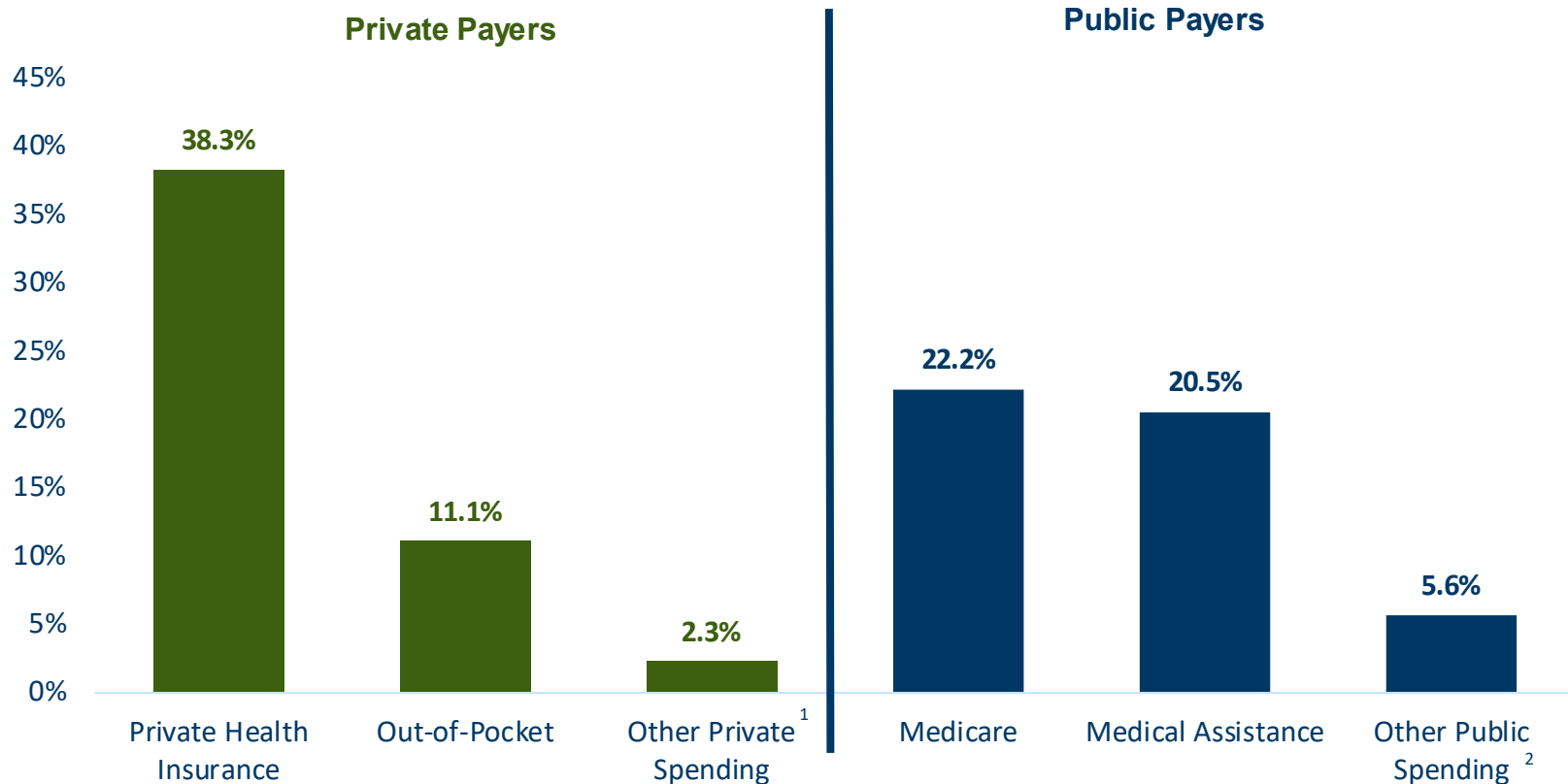
# Trends In Minnesota Health Care Spending, 2010-2019



# 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, 2019



Source: MDH Health Economics Program.

<sup>1</sup>Other major private payers include private workers' compensation and auto medical insurance.

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

[Summary of graph](#)

# Minnesota Health Spending by Source of Funds, 2015 to 2019

(Millions of Dollars)

	2015	2016	2017	2018	2019
<b>Public Spending, Total</b>	<b>\$22,746</b>	<b>\$23,116</b>	<b>\$24,911</b>	<b>\$26,363</b>	<b>\$27,374</b>
Medicare	\$9,246	\$9,675	\$10,337	\$11,001	\$11,623
Medicaid	\$10,446	\$10,677	\$11,618	\$12,271	\$12,567
Other Public Spending	\$3,053	\$2,765	\$2,956	\$3,092	\$3,185
<b>Private Spending, Total</b>	<b>\$23,932</b>	<b>\$25,005</b>	<b>\$25,830</b>	<b>\$27,288</b>	<b>\$29,195</b>
Private Health Insurance	\$17,318	\$18,230	\$18,839	\$19,905	\$21,663
Out-of-Pocket	\$5,508	\$5,605	\$5,789	\$6,135	\$6,253
Other Private	\$1,106	\$1,170	\$1,202	\$1,248	\$1,279
<b>Total</b>	<b>\$46,678</b>	<b>\$48,121</b>	<b>\$50,741</b>	<b>\$53,652</b>	<b>\$56,569</b>

Source: MDH Health Economics Program.

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

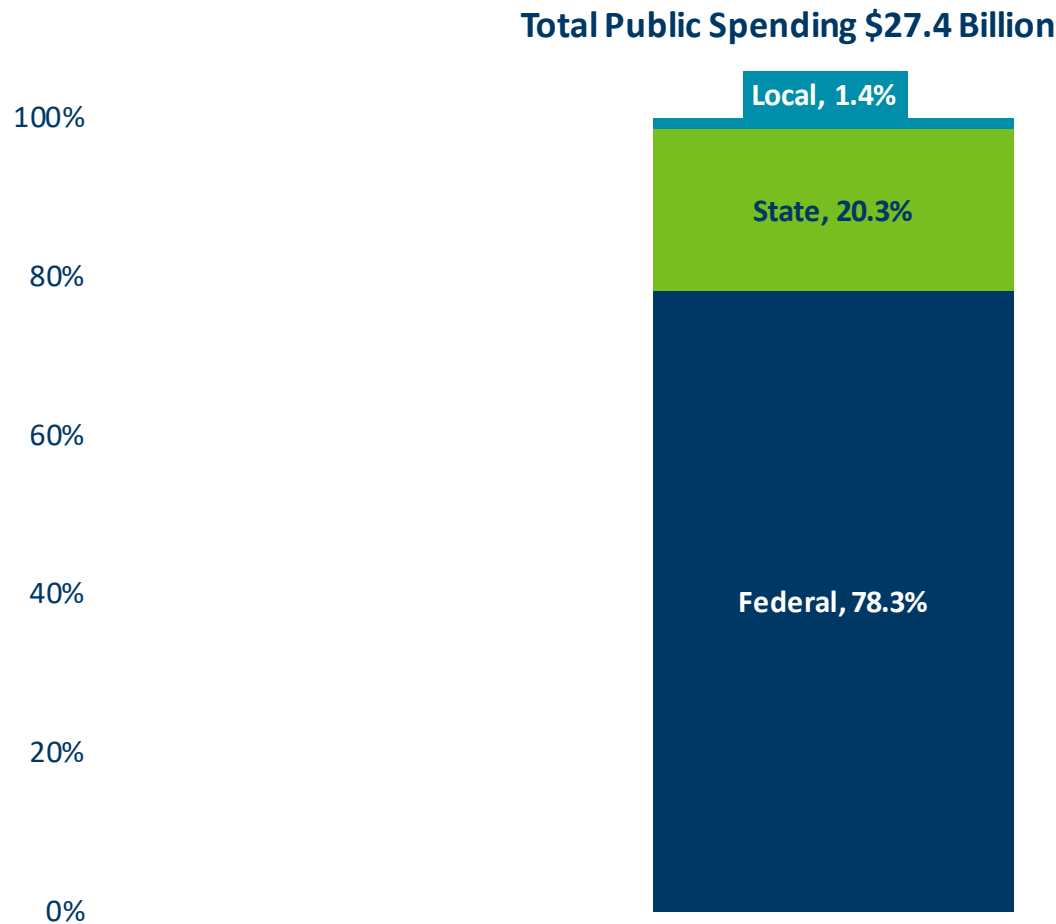
# Shares of Minnesota Health Spending by Source of Funds, 2015 to 2019

	2015	2016	2017	2018	2019
<b>Public Spending, Total</b>	<b>48.7%</b>	<b>48.0%</b>	<b>49.1%</b>	<b>49.1%</b>	<b>48.4%</b>
Medicare	19.8%	20.1%	20.4%	20.5%	20.5%
Medicaid	22.4%	22.2%	22.9%	22.9%	22.2%
Other Public Spending	6.5%	5.7%	5.8%	5.8%	5.6%
<b>Private Spending, Total</b>	<b>51.3%</b>	<b>52.0%</b>	<b>50.9%</b>	<b>50.9%</b>	<b>51.6%</b>
Private Health Insurance	37.1%	37.9%	37.1%	37.1%	38.3%
Out-of-Pocket	11.8%	11.6%	11.4%	11.4%	11.1%
Other Private	2.4%	2.4%	2.4%	2.3%	2.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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, 2019

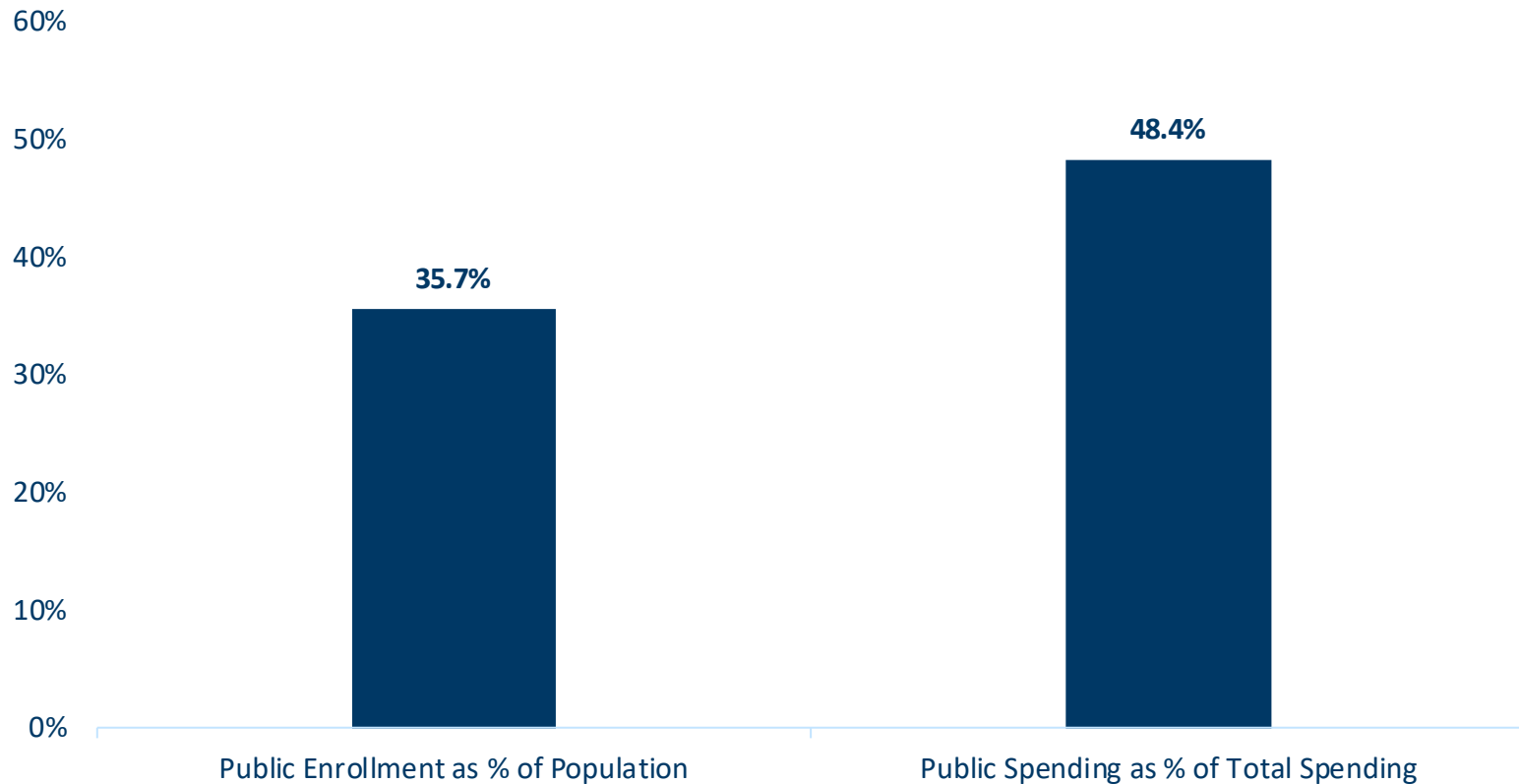


Sources: MDH Health Economics Program; Minnesota Department of Human Services, February 2021 Expenditure Forecast. Spending is based on program payer. Excludes school-based health clinics as funding is variable and comes from external government resources.

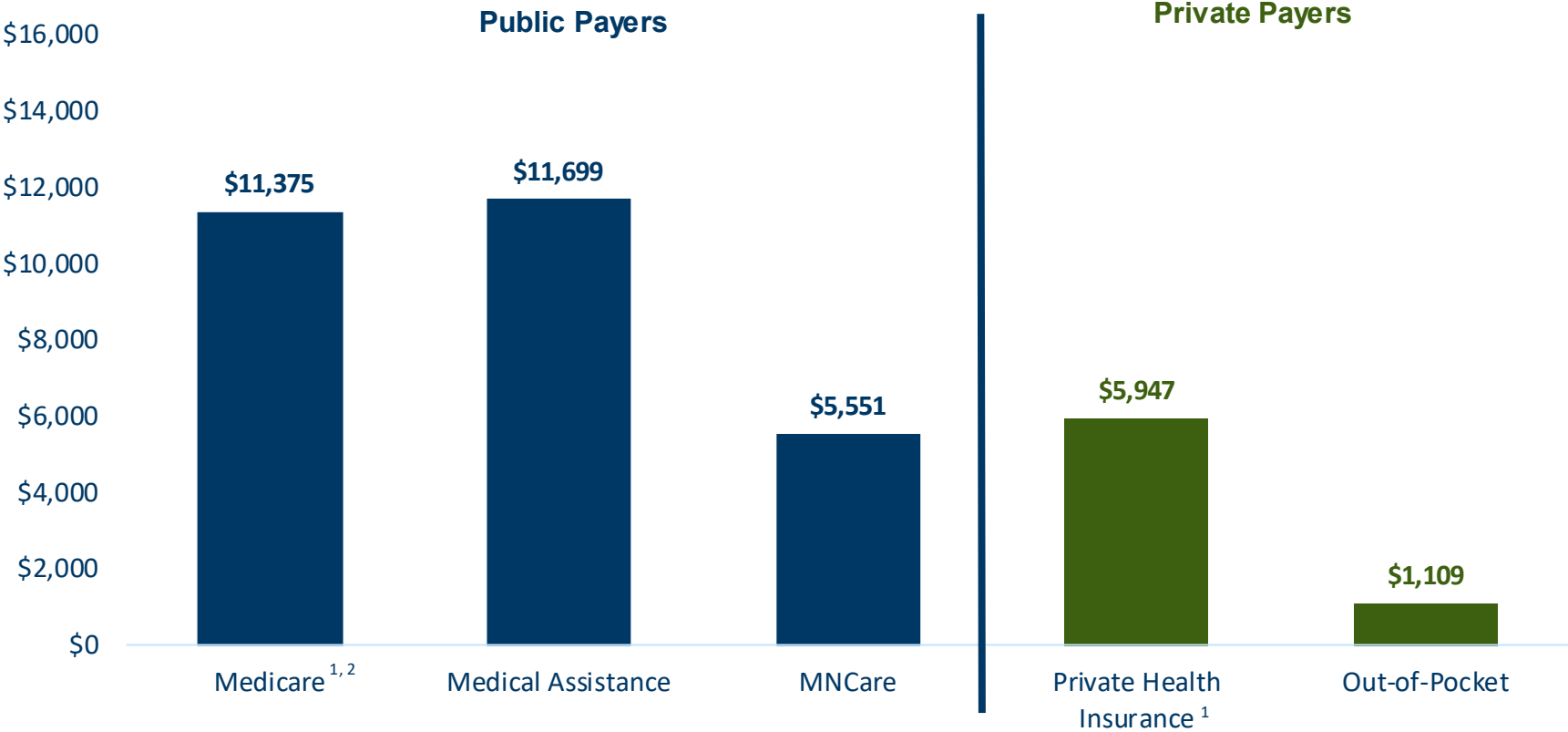
[Summary of graph](#)



# Public Programs' Share of Population vs. Share of Health Care Spending, 2019



# Minnesota Health Care Spending per Person by Payment Source, 2019



Source: MDH Health Economics Program. Individuals with dual coverage are included in each of the respective coverage options.

<sup>1</sup>Excludes Medicare Supplement insurance.

<sup>2</sup>Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

# Minnesota Health Care Spending per Person by Payment Source, 2015 to 2019

(Millions of Dollars)

	2015	2016	2017	2018	2019	Change from 2016
<b>Public Spending</b>	<b>\$11,812</b>	<b>\$11,804</b>	<b>\$12,505</b>	<b>\$13,001</b>	<b>\$13,600</b>	<b>4.6%</b>
Medicare <sup>1,2</sup>	\$10,121	\$10,286	\$10,687	\$11,043	\$11,375	3.0%
Medical Assistance	\$9,694	\$9,849	\$10,580	\$11,090	\$11,699	5.5%
MinnesotaCare	\$4,781	\$3,814	\$4,654	\$5,247	\$5,551	5.8%
<b>Private Spending<sup>1,3</sup></b>	<b>\$7,202</b>	<b>\$7,640</b>	<b>\$8,013</b>	<b>\$8,343</b>	<b>\$8,680</b>	<b>4.0%</b>
<b>Total</b>	<b>\$8,515</b>	<b>\$8,713</b>	<b>\$9,116</b>	<b>\$9,570</b>	<b>\$10,031</b>	<b>4.8%</b>

Source: MDH Health Economics Program.

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

<sup>1</sup>Excludes Medicare Supplement insurance.

<sup>2</sup>Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

<sup>3</sup>Includes private health insurance, out-of-pocket expenses.

# Shares of Health Care Spending Paid for by Businesses, Government, and Individuals, 2019

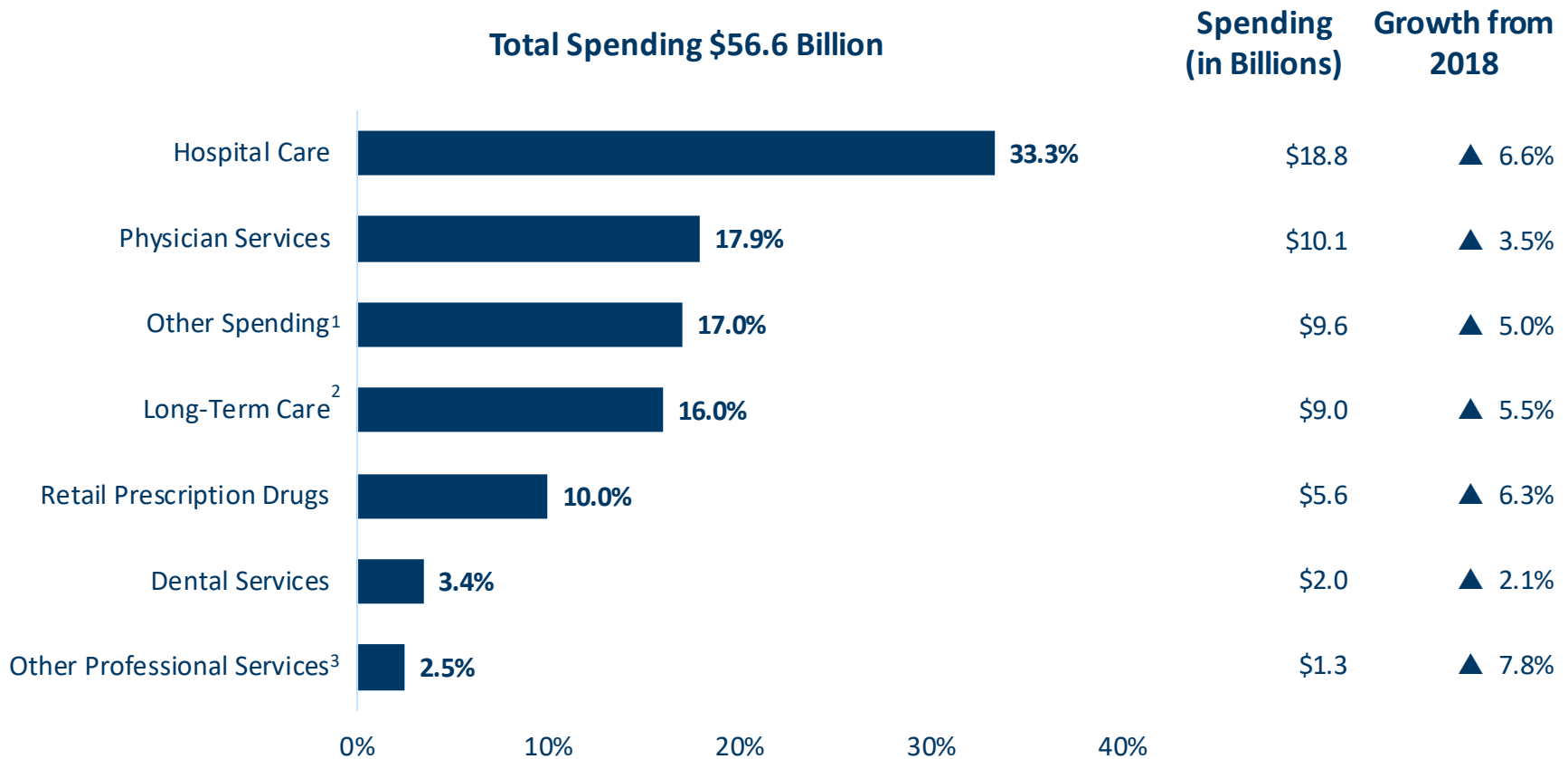


Sources: MDH Health Economics Program; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, 2019; Best’s Aggregates and Averages (Property/Casualty), 2020 edition. May not total to 100% due to rounding. Local and state government employers’ health care spending 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, 2019



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

<sup>1</sup>Includes 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.

<sup>2</sup>Includes home health care services.

<sup>3</sup>Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)

# Minnesota Health Care Spending by Categories of Service, 2015 to 2019

(Millions of Dollars)

	2015	2016	2017	2018	2019
Inpatient Hospital	\$8,583	\$8,648	\$9,164	\$9,494	\$9,862
Outpatient Hospital	\$6,846	\$7,110	\$7,670	\$8,164	\$8,964
Physician Services	\$8,253	\$9,029	\$9,258	\$9,776	\$10,122
Long-Term Care <sup>1</sup>	\$6,947	\$7,488	\$7,932	\$8,567	\$9,035
Retail Prescription Drugs	\$5,225	\$5,231	\$5,206	\$5,299	\$5,634
Dental	\$1,588	\$1,589	\$1,799	\$1,911	\$1,951
Other Professional Services <sup>2</sup>	\$1,383	\$1,174	\$1,214	\$1,292	\$1,392
Other Spending <sup>3</sup>	\$7,854	\$7,851	\$8,498	\$9,149	\$9,609
<b>Total</b>	<b>\$46,678</b>	<b>\$48,121</b>	<b>\$50,741</b>	<b>\$53,652</b>	<b>\$56,569</b>
<b>Growth from previous year</b>	<b>3.6%</b>	<b>3.1%</b>	<b>5.4%</b>	<b>5.7%</b>	<b>5.4%</b>

Source: MDH Health Economics Program.

<sup>1</sup>Includes home health care services.

<sup>2</sup>Includes services provided by health practitioners who are not physicians or dentists.

<sup>3</sup>Includes 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, 2015 to 2019

	2015	2016	2017	2018	2019
Inpatient Hospital	18.4%	18.0%	18.1%	17.7%	17.4%
Outpatient Hospital	14.7%	14.8%	15.1%	15.2%	15.8%
Physician Services	17.7%	18.8%	18.2%	18.2%	17.9%
Long-Term Care <sup>1</sup>	14.9%	15.6%	15.6%	16.0%	16.0%
Retail Prescription Drugs	11.2%	10.9%	10.3%	9.9%	10.0%
Dental	3.4%	3.3%	3.5%	3.6%	3.4%
Other Professional Services <sup>2</sup>	3.0%	2.4%	2.4%	2.4%	2.5%
Other Spending <sup>3</sup>	16.8%	16.3%	16.7%	17.1%	17.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: MDH Health Economics Program.

<sup>1</sup>Includes home health care services.

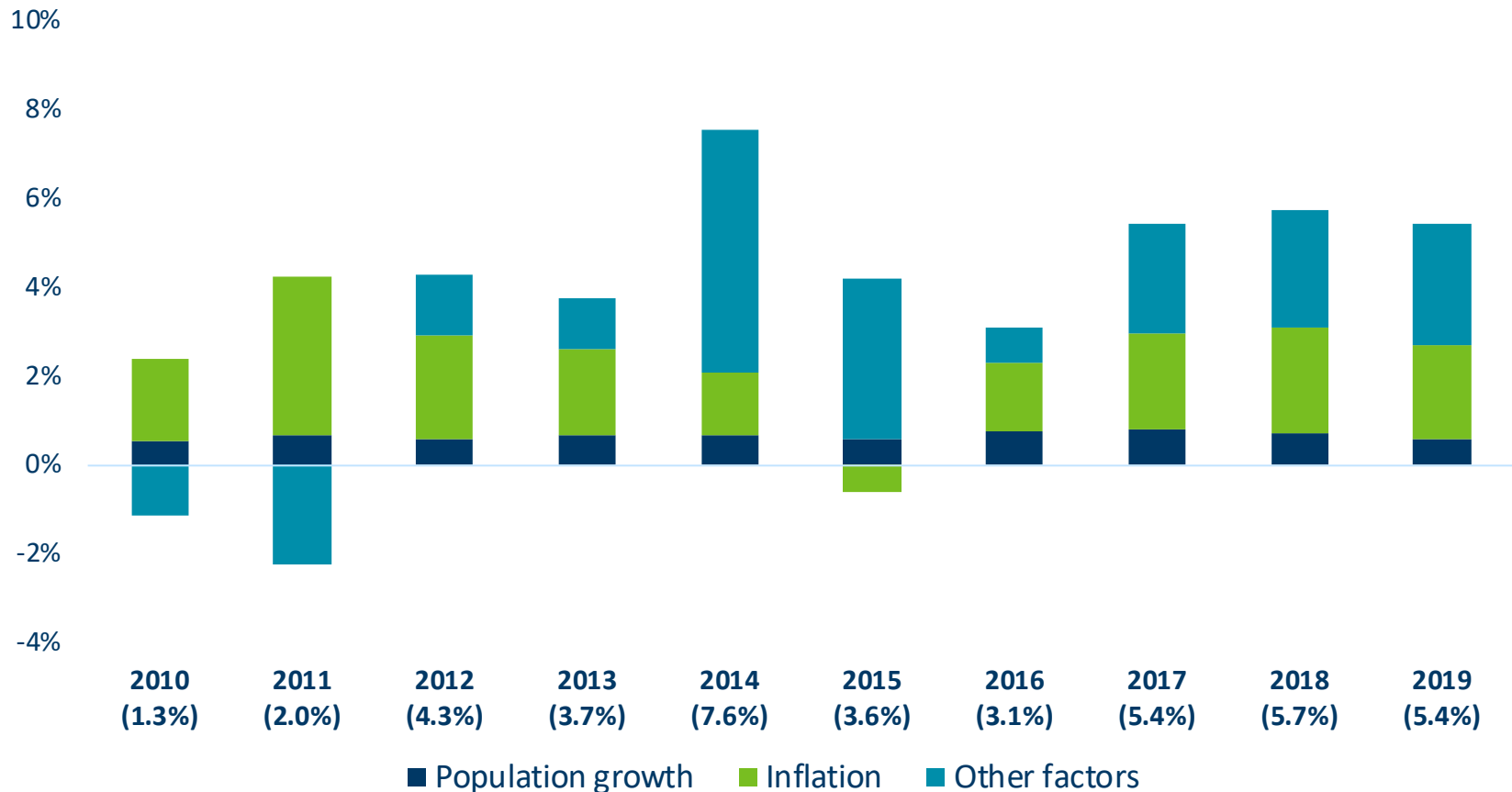
<sup>2</sup>Includes services provided by health practitioners who are not physicians or dentists.

<sup>3</sup>Includes 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, 2010 to 2019



Source: MDH Health Economics Program.

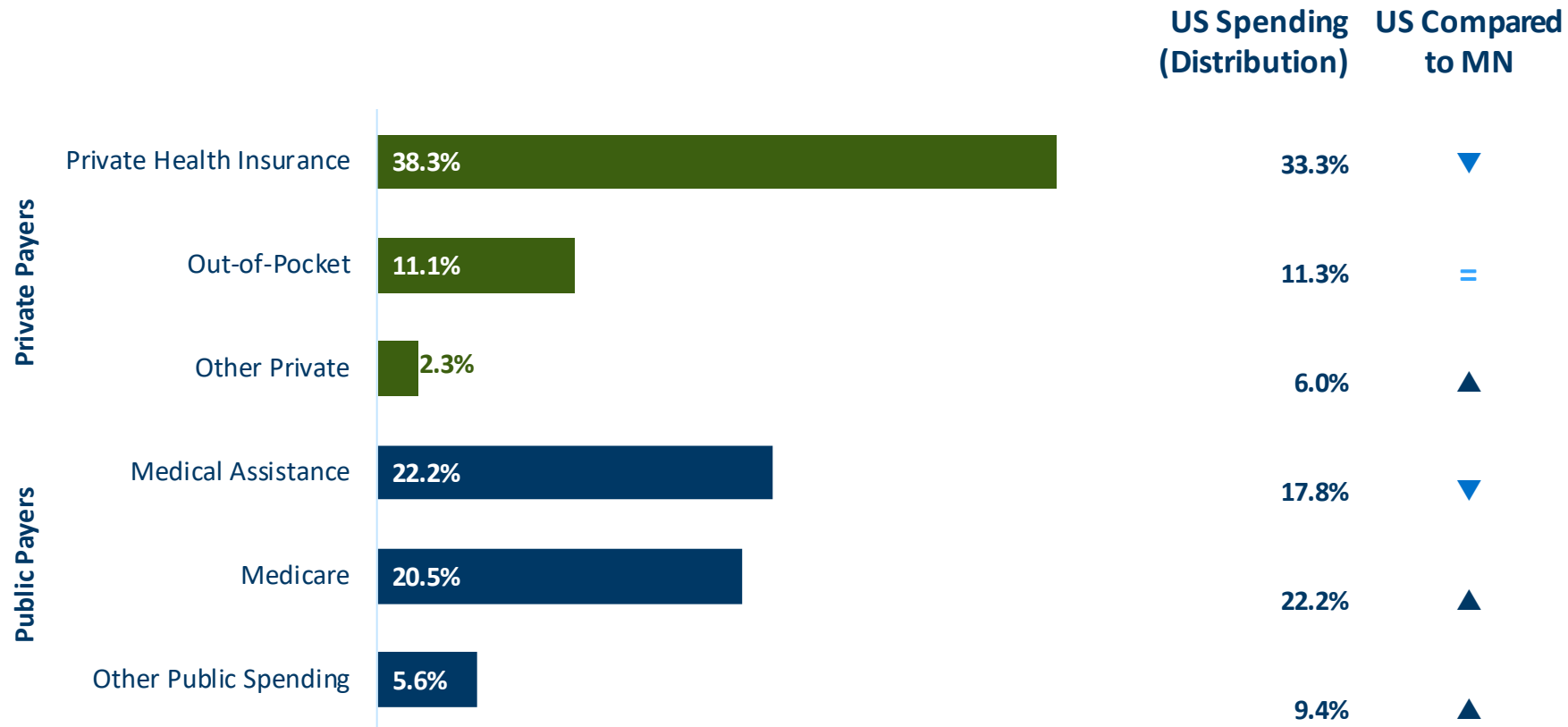
Revisions to historic time series may lead to slight variation from previously published estimates. Where factors are negative, it indicates that the factor helped to limit spending growth.

[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.

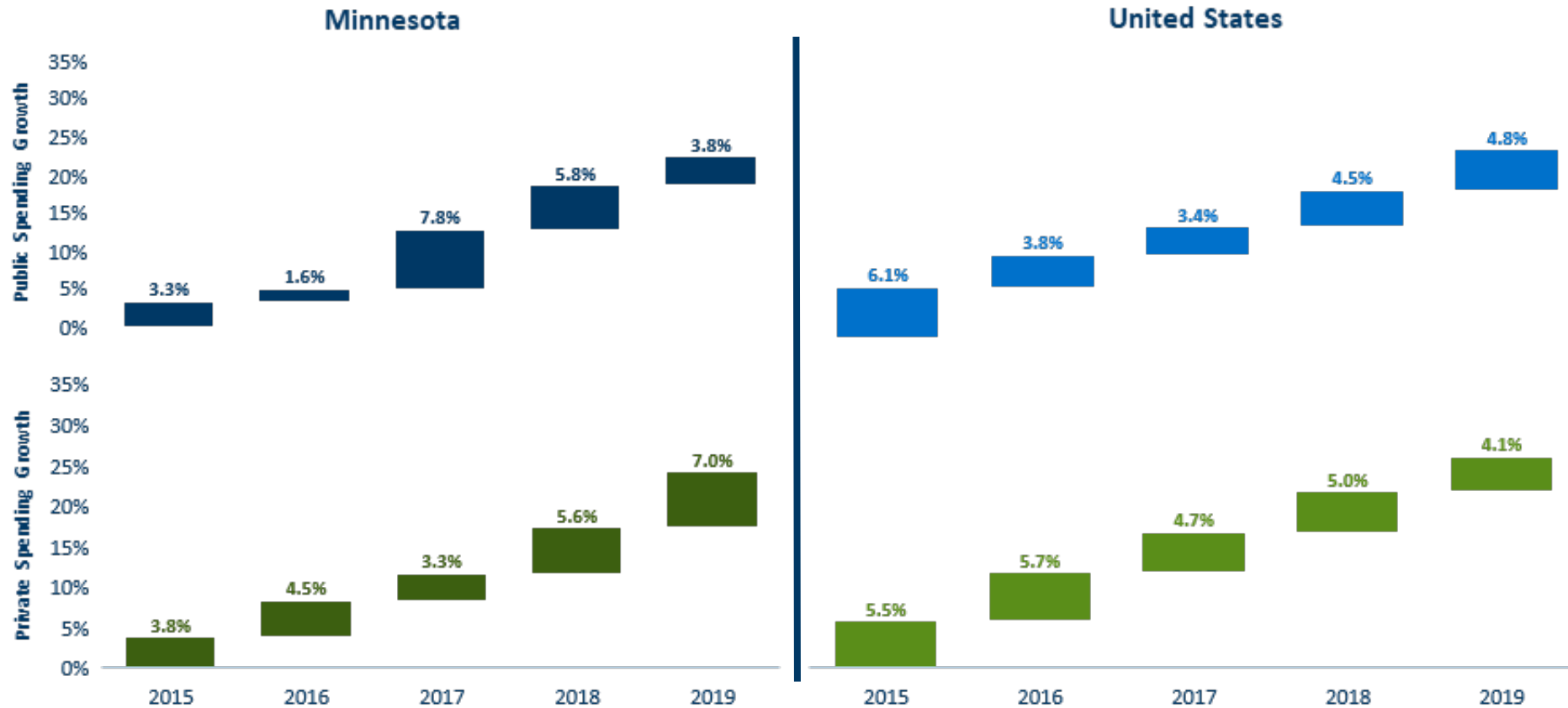
# Minnesota and U.S. Health Care Spending: Where It Came From, 2019



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2019.

[Summary of graph](#)

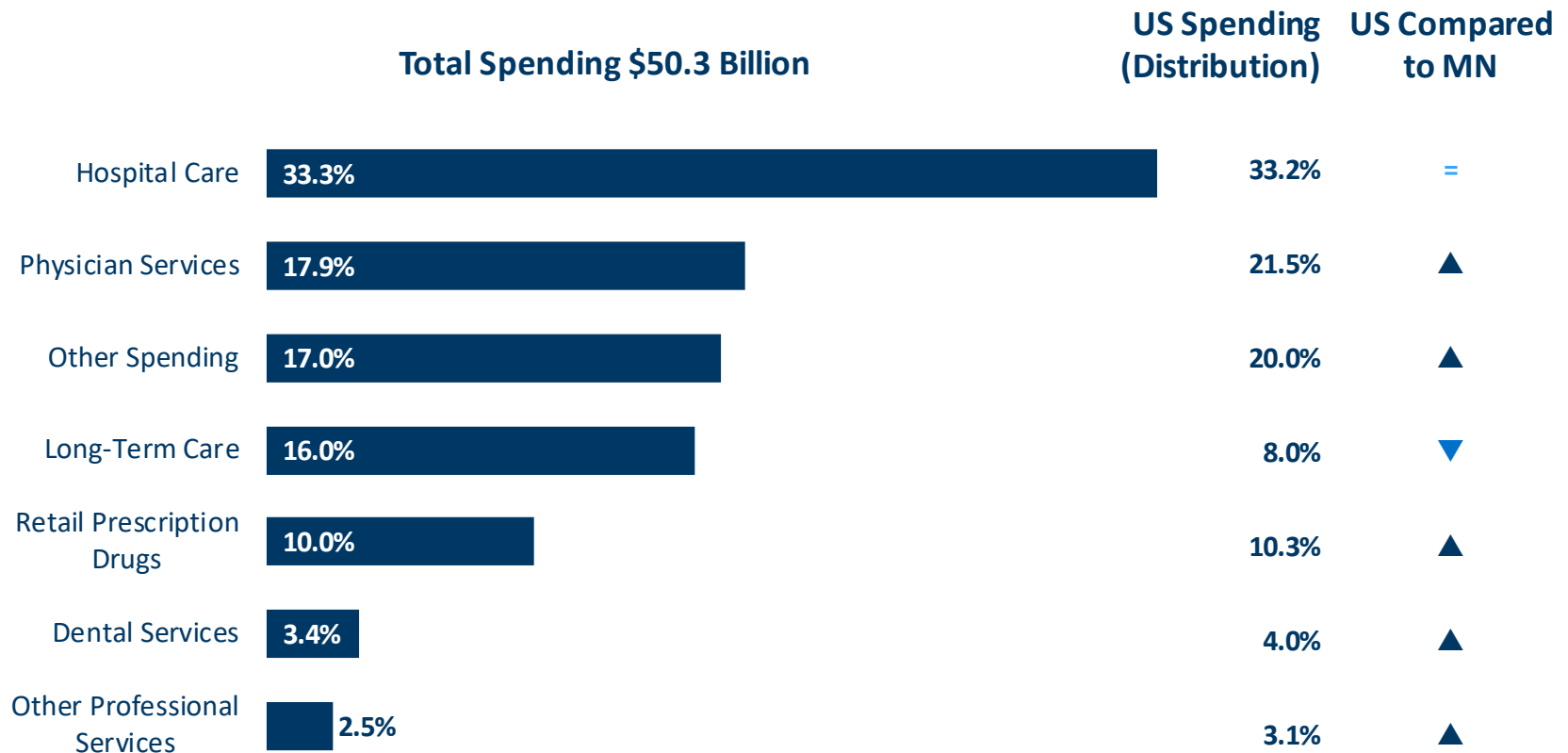
# Minnesota and U.S. Health Care Spending: Annual Growth by Private and Public Payers



Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2019.

[Summary of graph](#)

# Minnesota and U.S. Health Care Spending: Where it Went, 2019



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 2019.

<sup>1</sup>Includes 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.

<sup>2</sup>Includes home health care services.

<sup>3</sup>Includes 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.

	2015	2016	2017	2018	2019
<b>Per Capita Health Care Spending:</b>					
Minnesota	\$8,515	\$8,713	\$9,116	\$9,570	\$10,031
U.S.	\$9,399	\$9,777	\$10,106	\$10,528	\$10,948
<b>Health Care Spending as a Share of the Economy:</b>					
Minnesota	14.0%	14.1%	14.4%	14.4%	14.7%
U.S.	16.5%	16.8%	16.8%	16.7%	16.8%

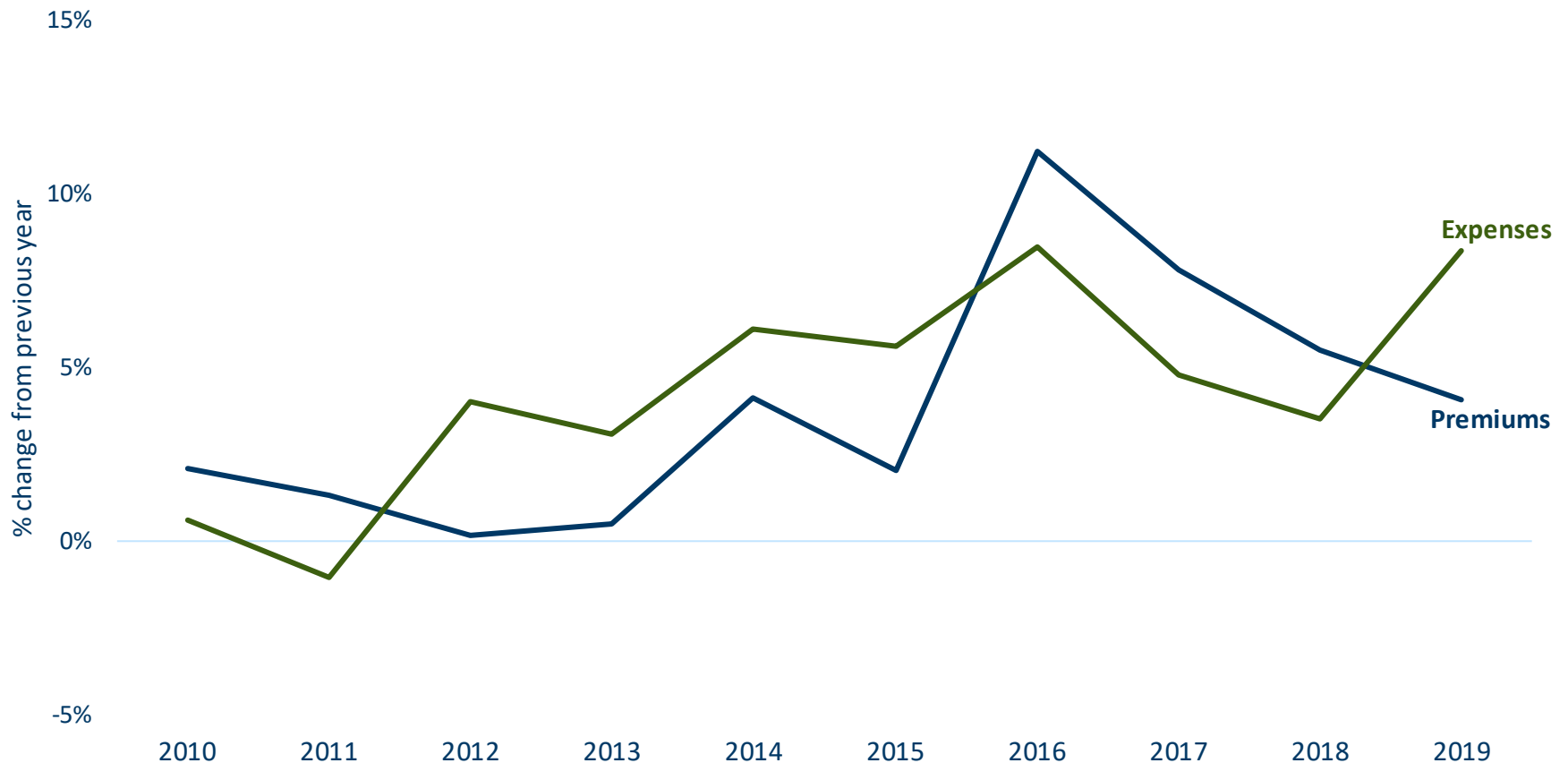
Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2019; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis updated through March 5, 2021.

Revisions to historical 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.

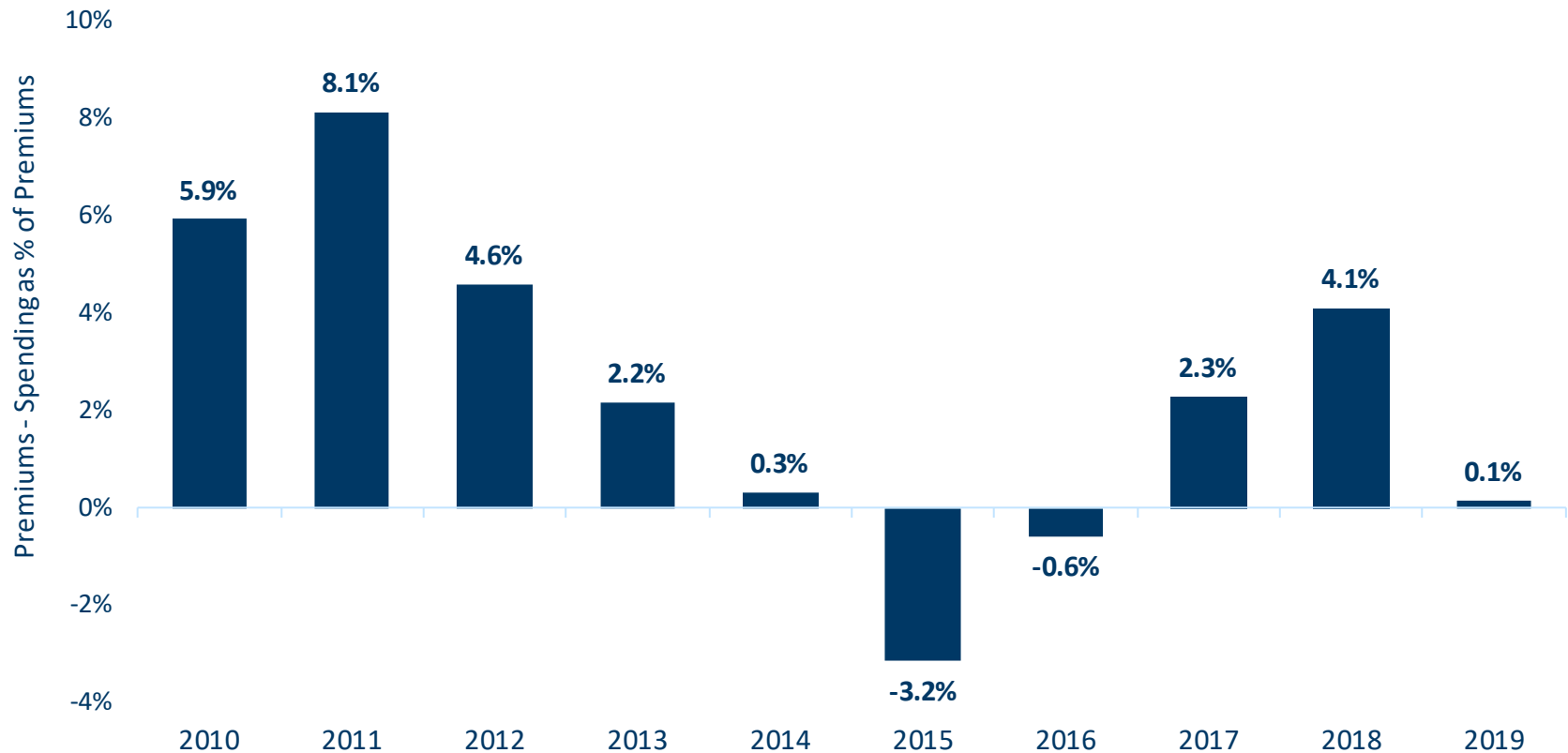
Source: MDH Health Economics Program, a analysis of annual medical-only reports from health plan companies.

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



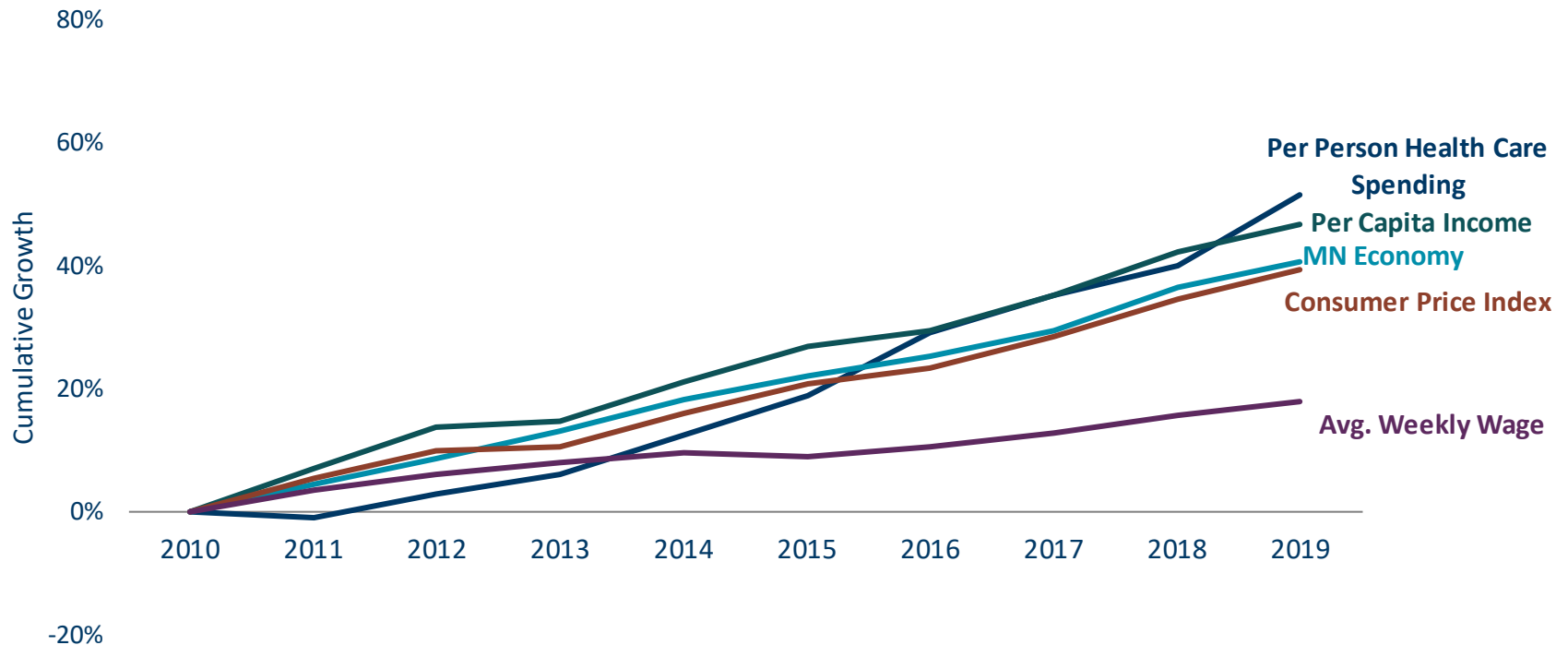
Fully-insured commercial market only. A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums.

Source: MDH Health Economics Program, a 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 Key Minnesota Health Care Cost and Economic Indicators, 2010 to 2019



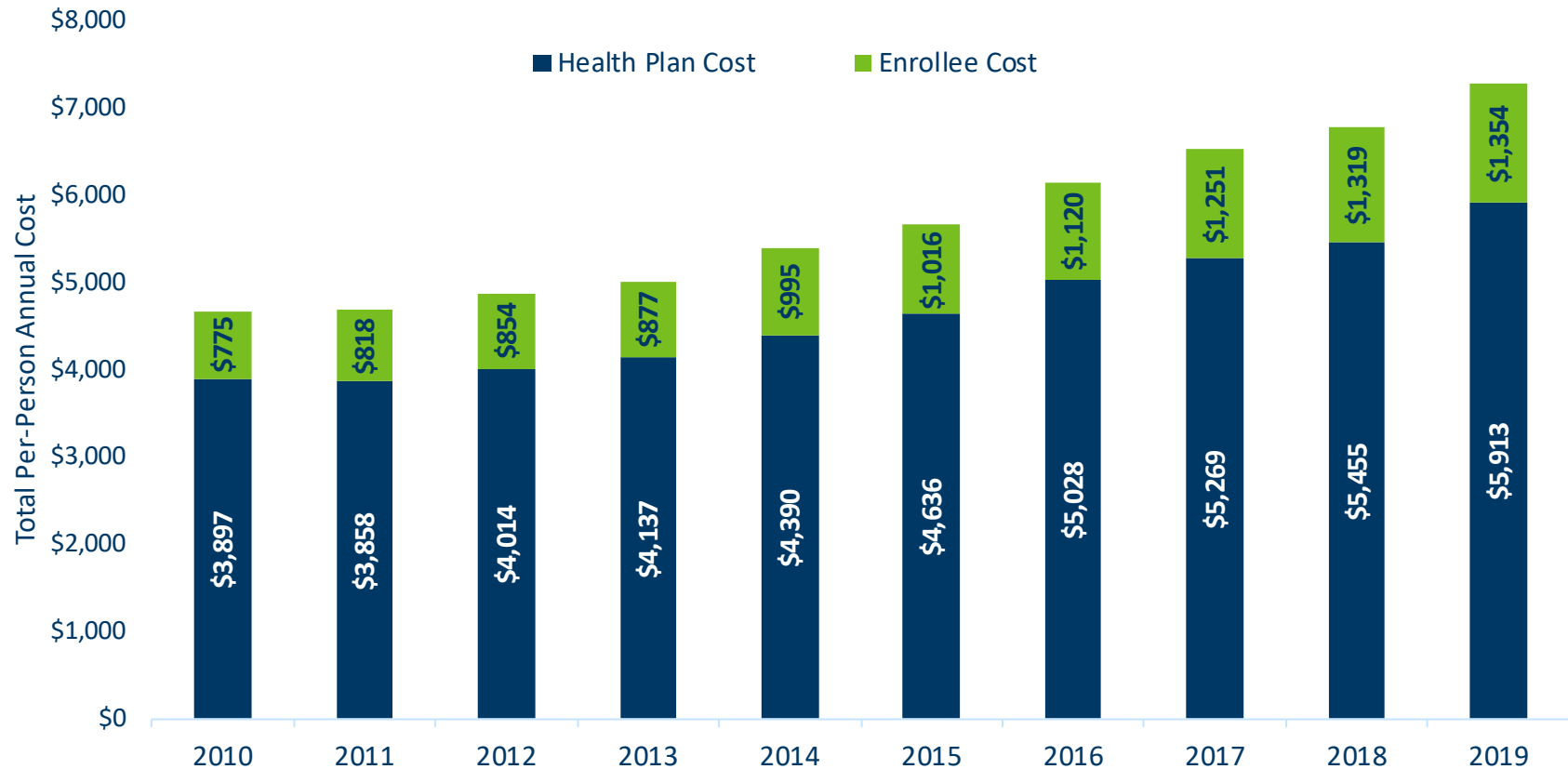
Health care spending is Minnesota fully-insured commercial spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

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 March 5, 2021; average weekly workers' wages from Minnesota Department of Employment and Economic Development as of March 5, 2021.

[Summary of graph](#)

# Total Cost Per Person and Health Plan & Enrollee Shares



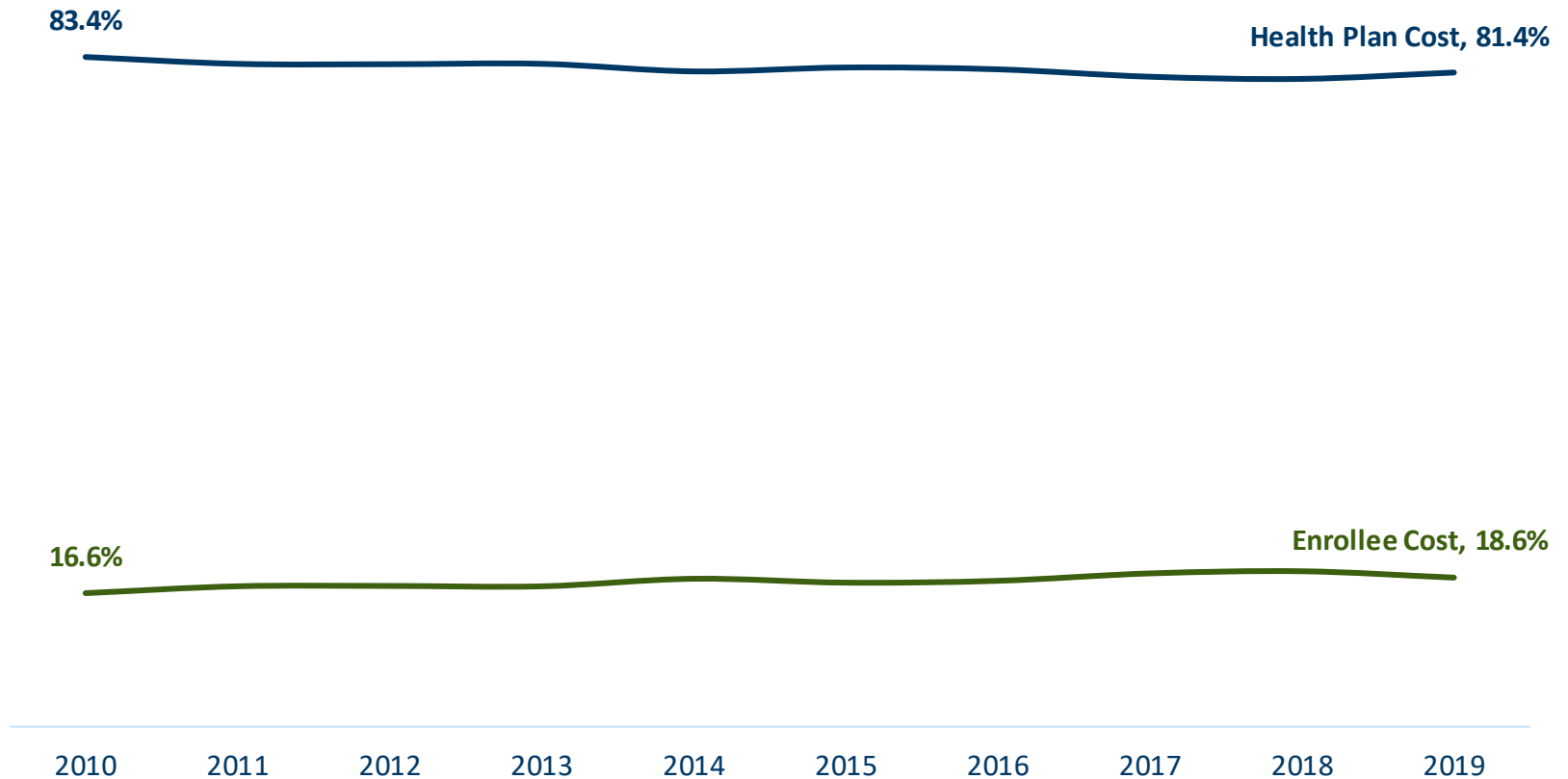
Fully-insured commercial market only.

Source: MDH Health Economics Program, a 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



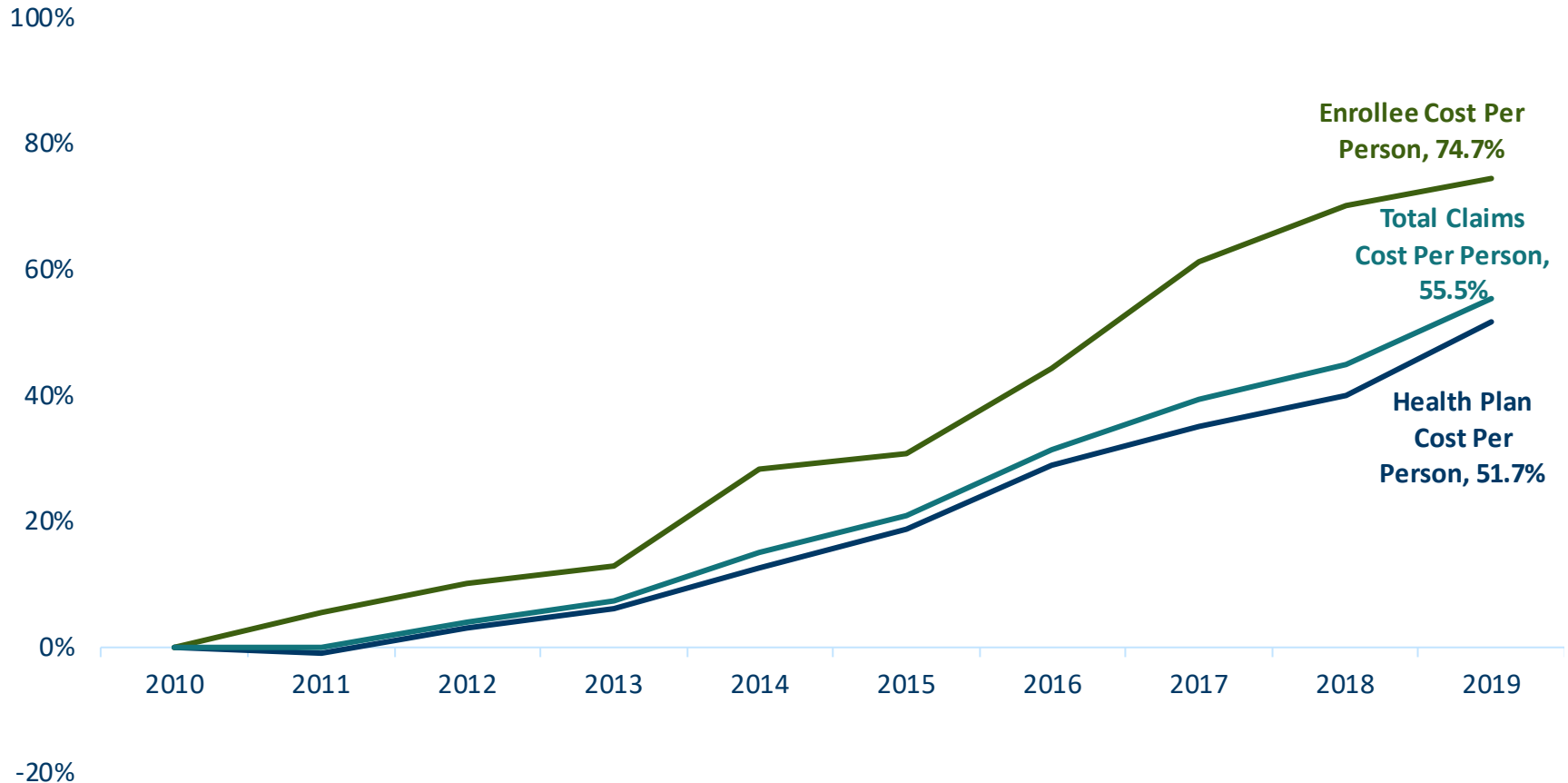
Fully-insured commercial market only.

Source: MDH Health Economics Program, a 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 Claims Cost Per Person, Health Plan & Enrollee Shares



Fully-insured commercial market only.

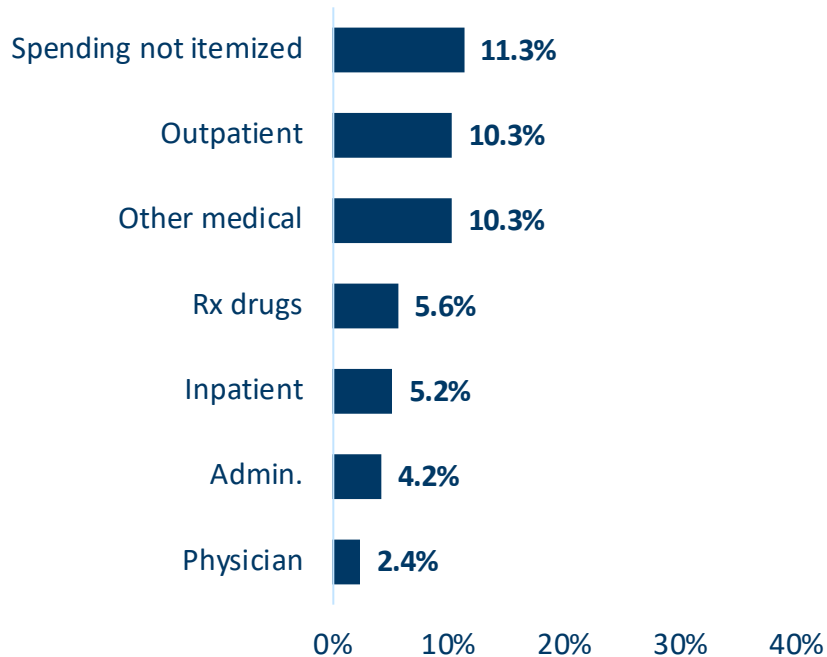
Source: MDH Health Economics Program, a analysis of annual medical-only reports from health plan companies.

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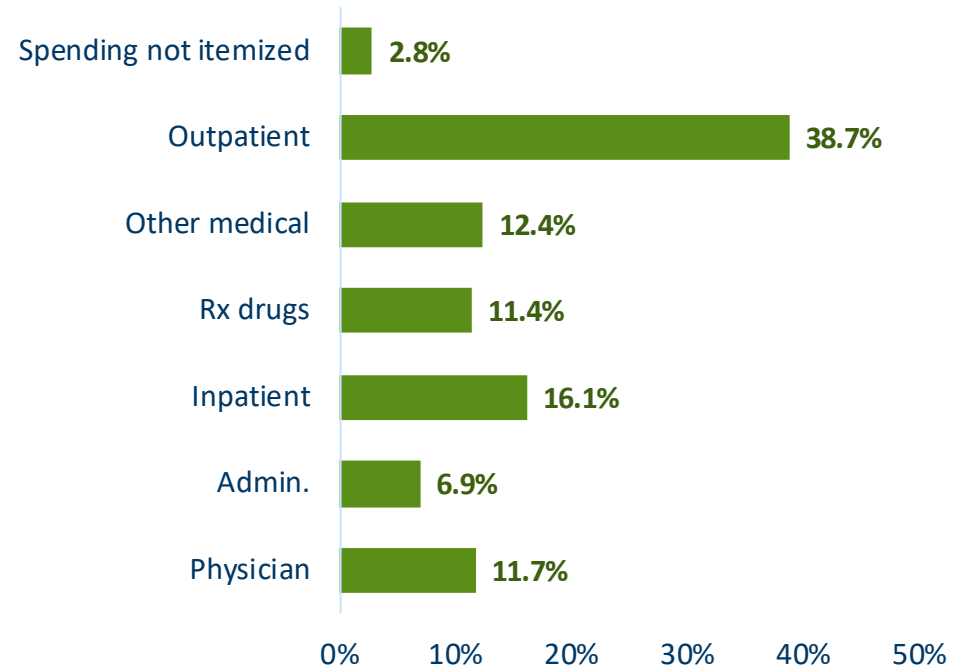
[Summary of graph](#)

# Health Care Cost Drivers: Spending and Shares of Growth by Service Per Person, 2017 to 2019

**Annual Average Growth Rate (Total = 5.9%)**



**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/healthconomics](http://www.health.state.mn.us/healthconomics))
- 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 651-201-4520 or [health.hep@state.mn.us](mailto:health.hep@state.mn.us) if additional assistance is needed for accessing this information.