

U.S. health spending rising modestly, report finds

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More consumer cost-sharing is tempered by lower prescription drug prices.

(HealthDay)—Even as consumers dig deeper to pay for health expenses, overall health-care spending in the United States continues to expand at a relatively low rate of growth, a new government analysis shows.

Spending rose 3.7 percent, to \$2.8 trillion, in 2012, the latest year for which figures are available. It was the fourth consecutive year of modest spending growth, with annual increases of between 3.6 percent and 3.8 percent, the U.S. Centers for Medicare & Medicaid Services (CMS) reported.

"The relative stability since 2009 primarily reflects the lagged impacts of the recent severe economic recession," report author Anne Martin said during a Monday news conference.

Total [health](#)-care spending as a share of the overall economy dipped by a tenth of a percentage point, to 17.2 percent in 2012 from 17.3 percent in

2011.

A detailed analysis of national health-care spending in 2012 is published in the January issue of the journal *Health Affairs*.

Experts at the CMS credited a mixed bag of factors for helping to temper the overall rate of spending growth in 2012. Slower growth in prescription drug prices and nursing home services, for example, provided a cushion against faster growth in hospital and physician services.

A wave of prescription drugs lost patent protection in 2012, resulting in increased sales of lower-cost generic versions, Martin explained. The slowdown in nursing home spending reflects a large reduction in Medicare reimbursement rates, she noted.

Reduced payment updates for most Medicare providers, resulting from adjustments mandated by the Affordable Care Act, also slowed spending in 2012, Martin said.

Why, then, do Americans feel like they're shelling out more than ever?

"This continues a longer-term trend in which the share of all [health spending](#) that is out-of-pocket has declined," said Richard Hirth, associate chair of the department of health management and policy at the University of Michigan School of Public Health, in Ann Arbor. "But at the same time, the absolute amount of inflation-adjusted spending that is out-of-pocket has increased."

According to the report, health-care spending continued to accelerate annually across every category of "personal health spending." That includes hospital, physician, home care and nursing home services, prescription drugs and medical equipment.

"Some [categories] had slower growth, some had faster growth, but there weren't any declines," said Aaron Catlin, deputy director of the National Health Statistics Group at CMS's Office of the Actuary.

Out-of-pocket costs rose at a somewhat faster clip in 2012, up 3.8 percent versus 3.5 percent in 2011. Martin said the numbers reflect an increase in consumer cost-sharing for hospital, physician and other clinical services.

Austin Frakt, a health economist and associate professor in medicine and public health at Boston University, explained things this way:

"Consumers, particularly those with employer-sponsored coverage, are largely unaware of premiums but more aware of out-of-pocket costs like deductibles and co-payments. Those are going up in the commercial market even as overall spending growth has moderated."

A number of provisions of the 2010 health-reform law affect payers and programs that finance health-care spending but have had "minimal impact" on national health spending growth through 2012, Martin noted.

Because the report focuses on 2012 data, the authors didn't speculate on the impact of the 2014 expansion of health insurance under the Affordable Care Act on future spending trends.

But Frakt suspects it will boost overall spending.

"If it's a worthwhile reform, it should. It's hardly reasonable to expect to increase coverage by tens of millions of Americans and not to spend more money than we would otherwise," he reasoned.

More information: Here is more on the [Affordable Care Act](#).

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