

Medical expenditures rise in most categories except primary care physicians and home health care

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In recent years, US medical expenditures have outpaced inflation and are notably higher than those of other developed countries. A new study examines whether increases in expenditures on medical care are related to an increase in the overall number of services used, changes in the types of services provided, and/or the cost or intensity of services delivered.

The study finds that, between 1996-1997 and 2011-2012, the number of Americans using medical services was unchanged in many categories of service, while expenditures for medical services increased in every [category](#) except [primary care physicians](#) and home [health](#). Using nationally representative data, the study compared medical ecology (number of individuals using a service), utilization (number of services), and expenditures (dollars spent) in different categories of medical services. It finds that total expenditures increased by 47 percent, from \$246 per individual per month in 1996-1997 to \$362 per individual per month in 2011-2012, with large increases in dollars spent in every category except primary care [physician](#) and home health. The largest absolute increases were in prescribed medications, specialty physicians, emergency department visits, and likely inpatient hospitalizations.

A large percentage of the increase (42 percent) related to increases in prescription drug use. In comparison, in 1996-1997, prescribed medications accounted for 12 percent of total expenditures. The number

of individuals using medical services was unchanged in many categories of service (total, outpatient, outpatient physician, users of prescribed medications, primary care and specialty physicians, inpatient hospitalization, and [emergency department](#)), increased in other categories (optometry/podiatry, therapy, and alternative/complementary medicine) and decreased in dental and home health. The number of services used largely mirrored the findings for individual use, except for an increase in the number of prescribed medications and a decrease in primary care physician visits. Substantially curbing the trend toward higher medical expenditures, the author suggests, will require a greater commitment to working "upstream," at the sources of the challenges facing the US health care system.

In an accompanying editorial, former Acting Assistant Secretary for Health Karen DeSalvo and Andrea Harris contend that, although payers and health systems are assuming greater financial risk for health outcomes, they are unable to adequately constrain costs and improve health outcomes because of patients' social needs. Like Johansen, DeSalvo and Harris call for health care leaders to take an upstream, public health approach, addressing such health-related issues as environment, housing, transportation, and access to healthy food and safe spaces. Such an approach will require structural changes to funding and accountability for individual and community health, they propose, with an ultimate goal of building healthier communities that support affordable, equitable health for all.

More information: Comparing Medical Ecology, Utilization, and Expenditures Between 1996-1997 and 2011-2012, www.annfammed.org/content/15/4/313

Bending the Trends, www.annfammed.org/content/15/4/304

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