Some Observations on Controlling Hospital and Health Care Spending

Stuart Guterman
Vice President, Medicare and Cost Control
The Commonwealth Fund

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Hospitals’ Share of National Health Care Spending Has Decreased: Share of National Health Expenditures (NHE) by Type of Service, 1983 and 2013

<table>
<thead>
<tr>
<th>Service Type</th>
<th>1983</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>39</td>
<td>32</td>
</tr>
<tr>
<td>Physician and Clinical</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Dental and Other Professional</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Nursing Care Facilities and Continuing Care Retirement Communities</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Prescription Drug</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Other Personal Health Care Expenditures</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Other National Health Expenditures</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Centers for Medicare and Medicaid Services, Office of the Actuary.
Nonetheless, Hospital Spending Has Grown Rapidly: Cumulative Change in Real Hospital and Total National Health Expenditures, 1983-2013

Real annual increase, 1983-2013 in:
- Hospital spending: 3.5%
- Total health spending: 4.1%

Source: Centers for Medicare and Medicaid Services, Office of the Actuary.
Hospitals Still Account for the Biggest Part of Health Spending Growth: Contribution to NHE Increase by Category, 1983-2012

- Hospital: 31%
- Physician and Clinical: 20%
- Dental and Other Professional: 7%
- Nursing Care Facilities, etc.: 5%
- Home Health Care: 3%
- Prescription Drug: 10%
- Other National Health Expenditures: 15%
- Other Personal Health Care: 9%
- Other National Health Expenditures: 15%

Source: Centers for Medicare and Medicaid Services, Office of the Actuary.
Nationwide, There Is Wide Variation in Hospital Payments by Payer: Payment to Cost Ratios by Payer Category, 1988-2012
Community Hospitals Nationwide

Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.
The Relationships Between Payment and Costs Also Vary Widely: Medicare Payment to Cost Ratio and Cost Increase, 1988-2012

Community Hospitals Nationwide

Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.
The Relationships Between Payment and Costs Also Vary Widely:
Private Payment to Cost Ratio and Cost Increase, 1988-2012
Community Hospitals Nationwide

Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.
The Flows of Payments and Costs Vary Widely Over Time: Annual Rates of Increase in Hospital Costs per Case and Medicare, Medicaid, and Private Payment Rates, 1988-2012

Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.