



CALIFORNIA HEALTHCARE FOUNDATION

SUPPORTING IDEAS & INNOVATIONS TO IMPROVE HEALTH CARE FOR ALL CALIFORNIANS

Health Care Costs 101

Slow Growth: A New Trend?

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While the US continues to spend a greater percentage of GDP on health care than any other industrialized nation, the 2011 increase bucked historical trends, according to the latest *Health Care Costs 101*.

September 2013

The United States continues to spend a greater percentage of its wealth on health care than any other industrialized nation. But a smaller overall increase in 2011 spending was in notable contrast to historical trends. The 3.9% rise was on pace with the growth rate in the economy as a whole and with inflation. Whether this signals a change in the cost trend line or is simply a result of lowered spending during the recession is hard to know. With sweeping changes to the health care system around the corner, these latest figures may indicate a more favorable climate for the rollout of the Affordable Care Act.

Relying on the latest data available, *Health Care Costs 101*, part of CHCF's California Health Care Almanac, details how much is spent on health care in the US; which services are purchased; and what proportions are financed by households, government, and business.

Key findings include:

- In 2011, health care spending reached \$2.7 trillion, an average of \$8,680 per person.
- Both health spending and the overall economy grew at similar rates, keeping health care's share of the gross domestic product (GDP) unchanged for the third straight year at 17.9%.
- Health care's recent 3.9% spending increase is considerably slower than growth posted over the past 20 years (6.3% average annual increase between 1991 and 2011).
- The slow rates of growth were seen across all spending categories in 2011, and no major categories exceeded 5% per year.
- Prescription drugs spending increased 2.9% in 2011, a near-record low.
- Public health insurance paid for the largest share of the nation's care at 39%; private health insurance paid for 33%.
- Health care spending consumed 46% of federal government revenues and 6% of household income.
- State Medicaid spending increased dramatically in 2011 as enhanced federal aid to states expired



mid-year; state spending on Medicaid grew 22.2%, while federal Medicaid spending fell 7.1%.

An [interactive graphic](#) shows the change in health care spending by payer from 1960 to 2011.

The complete report, a quick reference guide, and the data file are available as Document Downloads. Also available are past editions and a California addendum. To request previous editions of these reports, [contact CHCF Publishing and Communications](#).

DOCUMENT DOWNLOADS

Health Care Costs 101, 2013 Edition (1.83 MB)

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[Health Affairs — National Health Spending in 2011: Overall Growth Remains Low, But Some Payers and Services Show Signs of Acceleration](#)

[Organisation for Economic Co-operation and Development — OECD Health Data 2013](#)

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