State Health Care Spending Trends

June 17, 2015
State Fiscal and Economic Health Research

Objectives:

• Provide a long-term look at key indicators related to state fiscal and economic health

• Present a cohesive picture of health care spending

• Help policymakers gain a better understanding of what’s driving costs in specific health care areas

• Highlight policies and practices that may contain costs while maintaining or improving health outcomes
Figure 1
State and Local Government Health Care Spending Pressuring Budgets
Total state and local government spending on health care as a share of own-source revenue, 1987-2013

1987: 16%
1995: 20%
2000: 21%
2013: 31%

pewtrusts.org/healthcarespending; pewtrusts.org/fiscal50
State and local health care expenditures increased by 262 percent from 1987 to 2013 (inflation-adjusted).

Most significant elements: contributions to public employee health insurance premiums and to Medicaid.

Recent slowdown in growth—3.2 percent, 2012-13—was first time states/locals participated in national deceleration.
Medicaid Spending Growth Paralleled Nation, 2000-12

- Nationally, total Medicaid spending grew from $263 billion to $429 billion (63%) from 2000 to 2012 after adjusting for inflation—a compound annual growth rate of 4.1%.

- This growth is on par with US overall health care spending which rose by 58%.
State-by-State Growth Varied, 2000-12

- Growth rates ranged from less than 2% in 10 states to over 6% in 8 states.

- Key factors:
  - Benefit and eligibility adjustments
  - Strength of local economy
  - Resident health status
  - Provider price variation
State Medicaid Spending as a Share of Own-Source Revenue, 2000-13

Federal Action Reduces State Rx Spending

ARRA Increased Federal Share of Funds

2000: 12.2%

2013: 16.9%
Change in State Medicaid Spending as a Share of Own-Source Revenue, 2000-13

- Varied reasons for expanding Medicaid footprint:
  - CA: Spending growth outpaced most states; revenue growth close to 50-state trend
  - ME: Expenditures grew faster than the country as a whole; revenue growth relatively stagnant
  - ND: High spending growth; even higher revenue growth.

**Percentage Points**

- Maine: 10.7
- California: 9.7
- Minnesota: 8.4
- 50-state total: 4.7
- Tennessee: 0.3
- New Hampshire: 0.2
- North Dakota: -1.2

pewtrusts.org/healthcarespending; pewtrusts.org/fiscal50
Interactive Tool for Data Analysis

STATE MEDICAID SPENDING
Medicaid Consumes Growing Slice of States’ Dollars

The share of states’ own money spent on Medicaid coverage for low-income Americans in fiscal year 2013 was higher in all but one state—North Dakota—compared with fiscal 2000. In the 49 states, Medicaid spending grew by a bigger percentage than did own-source revenue.

State Medicaid Spending as a Share of Own-Source Revenue, 2000–13

Change since 2000
Compare state trends
Updated: April 22, 2015

50 states Georgia Connecticut New Mexico

Federal Action Reduces State Rx Spending

Stimulus Increased Federal Share of Funds

Georgia
Connecticut
New Mexico
50-state share
Trends in Health Insurance Coverage, 2000 - 2012

**Employer-sponsored**

- 64% in 2000
- 54% in 2012

**Medicaid**

- 16% in 2000
- 21% in 2012

**Medicare**

- 16% in 2000
- 15% in 2012

**Uninsured**

- 13% in 2000
- 10% in 2012

**Direct Purchase**

- 10% in 2000
- 10% in 2012

Sources:

- pewtrusts.org/healthcare spending
- pewtrusts.org/fiscal50
Relatively Slow Per Person Medicaid Spending Growth, 2000-10

- Spending per enrollee for Medicaid remained relatively stable, rising only 5% from 2000 to 2010, after adjusting for inflation.
- Overall health care spending per person grew 39% over the same period.
Costs Differ By Enrollee Categories

- Elderly and disabled individuals made up **24% of Medicaid enrollment** in 2010, but accounted for **64% of Medicaid payments** for services.

![Costs Differ By Enrollee Categories Chart]

- **Disabled**: $16,240 per enrollee
- **Elderly**: $12,958 per enrollee
- **Parents**: $3,025 per enrollee
- **Children**: $2,359 per enrollee

[pewtrusts.org/healthcarepeating; pewtrusts.org/fiscal50](pewtrusts.org/healthcarepeating; pewtrusts.org/fiscal50)
The composition of Medicaid enrollees varies dramatically by state and impacts states’ per enrollee spending. In 9 states, at least 30% of Medicaid enrollees are elderly or disabled.
### State Health Care Spending

<table>
<thead>
<tr>
<th>Medicaid; Medicaid Program Integrity</th>
<th>CHIP</th>
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<tbody>
<tr>
<td>State employee health plans</td>
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<td>State prison health care</td>
<td>State retiree health plans*</td>
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<td>Mental health services*</td>
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<td>*Forthcoming</td>
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### State Fiscal & Economic Health Indicators

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Tax revenue; Tax revenue volatility; Federal share of state revenue</th>
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<td>Economy and People</td>
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<td>Long-term Costs</td>
<td>Debt and Unfunded Retirement Costs</td>
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<td>Fiscal Policy</td>
<td>Reserves and Balances</td>
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Medicaid Program Integrity Tool

Medicaid Anti-Fraud and Abuse Practices Database

See what measures states are taking to reduce Medicaid fraud and abuse.

Billions of state and federal dollars are lost to Medicaid fraud and abuse each year. This first-of-its-kind database compiles and categorizes promising practices states are employing to combat this problem. Using information cited by the Centers for Medicare & Medicaid Services (CMS) in its state reviews, the data presented are current as of June 2019. To learn more about the practices referenced in this tool, read Combating Medicaid Fraud and Abuse.

Using the database

Use the filters below to discover what actions states are taking to fight Medicaid fraud and abuse. Choose a state to view practice type information for that location or compare data across states by selecting “All States” and refining your search by practice type. Note: CMS Noteworthy Picks may practices the agency identifies in its state reviews at those other states should consider implementing.

Select a State

All States

Select a Practice Type

Provider Regulation:
- Provider Accountability
- Excluding Problem Providers

Prepayment Review:
- Service Verification
- Prior Authorization and Claims Review
- Recipient Lock-In

Post Payment Recovery:
- Data Mining
- Detection and Investigation
- Penalties and Recovery
- Medicaid Fraud Control Unit Coordination

Cross-Cutting:
- Stakeholder Coordination
- Provider Outreach and Education
- Managed Care Oversight
- Targeting High-Risk Providers

Check all

Results

Download resources

Combing Medicaid Fraud and Abuse Full Report
State Health Care Spending on Medicaid Full Report
State Prison Health Care Spending
Total prison health care spending increased in 41 states from 2007 to 2011. Median growth was 13%.

Per-inmate health care spending went up in 39 states. The median growth was 10%.

Health care’s share of state prison budgets doubled (10 percent to 20 percent) from 2001 to 2011.
The Number of Prisoners Age 55+
Increased by 234%, 1999-2013

- More susceptible to chronic medical and mental conditions
- Necessitate increased staffing levels, more officer training, and special housing
- Experience the effects of age sooner
- Cost at least 2-3 times as much as younger inmates
States with Older Inmates Tended to Have Higher Per-inmate Spending

Per-inmate health care spending in states with the highest and lowest percentage of inmates age 55 and over, 2007-11 average

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<td></td>
<td>Average share of</td>
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• 49 states spent $25 billion to insure 2.7 million state employee households in 2013

• $959: Average per-employee per-month premium

• States paid $805 (84 percent)

• Employees paid $154 (16 percent)
After controlling for differences in health plan richness and households size, a large range in premiums remained.