



TRENDWATCH CHARTBOOK 2007

Trends Affecting Hospitals and Health Systems



TABLE OF CONTENTS

CHAPTER 1.0: **Trends in the Overall Health Care Market**

- Chart 1.1: Total National Health Expenditures, 1980 – 2005
- Chart 1.2: Percent Change in Total National Health Expenditures, 1981 – 2005
- Chart 1.3: Per Capita National Health Expenditures, 1980 – 2005
- Chart 1.4: National Health Expenditures as a Percentage of Gross Domestic Product, 1980 – 2005
- Chart 1.5: National Expenditures for Health Services and Supplies by Category, 1980 and 2005
- Chart 1.6: Percent Change in National Expenditures for Health Services and Supplies by Category, 2004 – 2005
- Chart 1.7: Percent Change in National Expenditures for Selected Health Services and Supplies, 1995 – 2005
- Chart 1.8: National Health Expenditures, 1980 – 2016
- Chart 1.9: Consumer Out-of-pocket Payments for National Health Expenditures, 1990 – 2005
- Chart 1.10: Total Prescription Drug Spending, 1980 – 2005
- Chart 1.11: Growth in Total Prescription Drug Spending as a Percentage of Total Growth in National Health Expenditures, 1980 – 2005
- Chart 1.12: Consumer Out-of-pocket Spending vs. Private Health Insurance Spending for Prescription Drugs, 1980 – 2005
- Chart 1.13: Distribution of National Health Expenditures by Source of Payment, 1980, 2000, and 2005
- Chart 1.14: Distribution of Health Insurance Coverage, Percentage of Population Covered by Payer, 1990, 2004, and 2005
- Chart 1.15: Number and Percent Uninsured, 1985 - 2005

TABLE OF CONTENTS

CHAPTER 1.0: **Trends in the Overall Health Care Market**

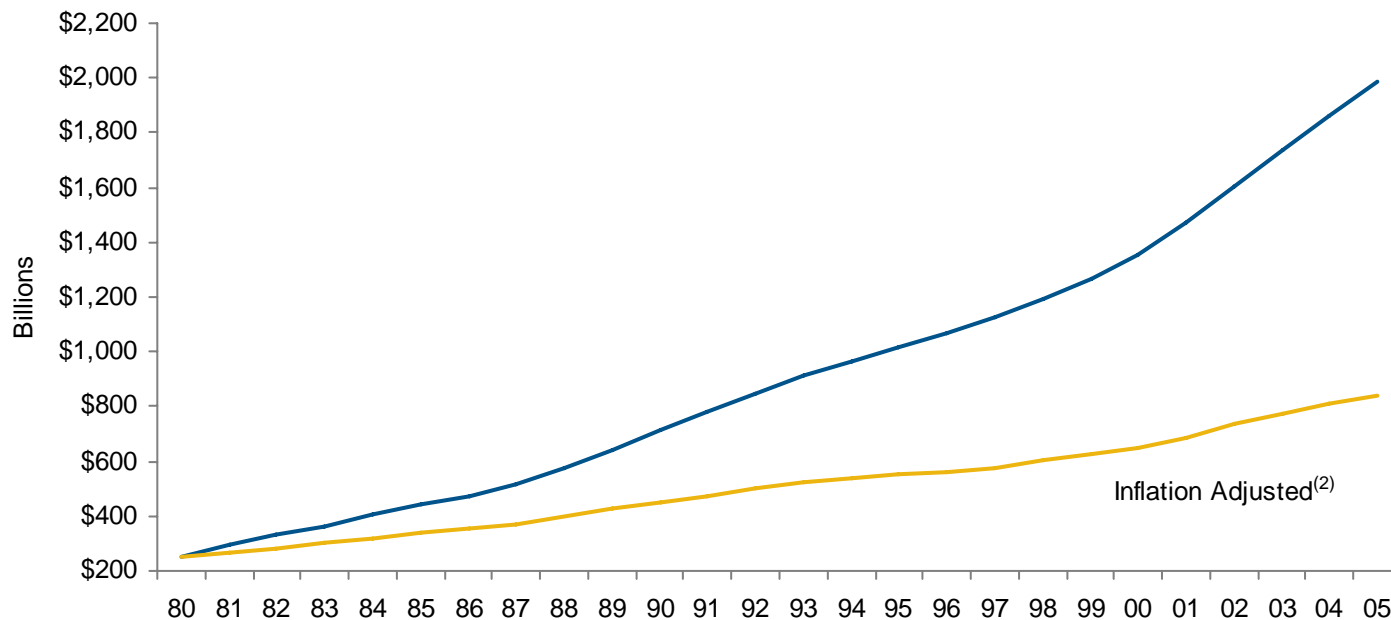
- Chart 1.16: Average Percent Uninsured by State, 2003 – 2005
- Chart 1.17: Medicare Enrollees, 1981 – 2005
- Chart 1.18: Medicaid Enrollees, 1990, 1995, 2000 – 2005
- Chart 1.19: National SCHIP Enrollment, FY 1999 – FY 2005
- Chart 1.20: Percent Change in SCHIP Enrollment By State, FY 2004 – FY 2005
- Chart 1.21: Percentage of Employees with Employer-based Coverage Who Can Choose Conventional, PPO, HMO, POS, and HDHP/SO Plans, 1988 – 2006
- Chart 1.22: Distribution of Employer-sponsored Health Insurance Enrollment by Type of Plan, 1988 – 2006
- Chart 1.23: Percentage of Medicare Beneficiaries Enrolled in Medicare Managed Care, 1991 – 2006
- Chart 1.24: Percent Growth in Medicare Spending per Beneficiary vs. Private Health Insurance Spending per Enrollee, 1980 – 2005
- Chart 1.25: Percentage of Medicaid Beneficiaries Enrolled in Medicaid Managed Care, 1992 – 2005
- Chart 1.26: Percentage of Medicaid Beneficiaries Enrolled in Medicaid Managed Care by State, 2005
- Chart 1.27: Annual Change in Health Insurance Premiums, 1988 – 2006
- Chart 1.28: HMO Plan Median Operating Margins, 1990 – 2005
- Chart 1.29: Operating Margins of the Top Insurers, 2003 – 2005



CHAPTER 1

Trends in the Overall
Health Care Market

Chart 1.1: Total National Health Expenditures, 1980 – 2005⁽¹⁾

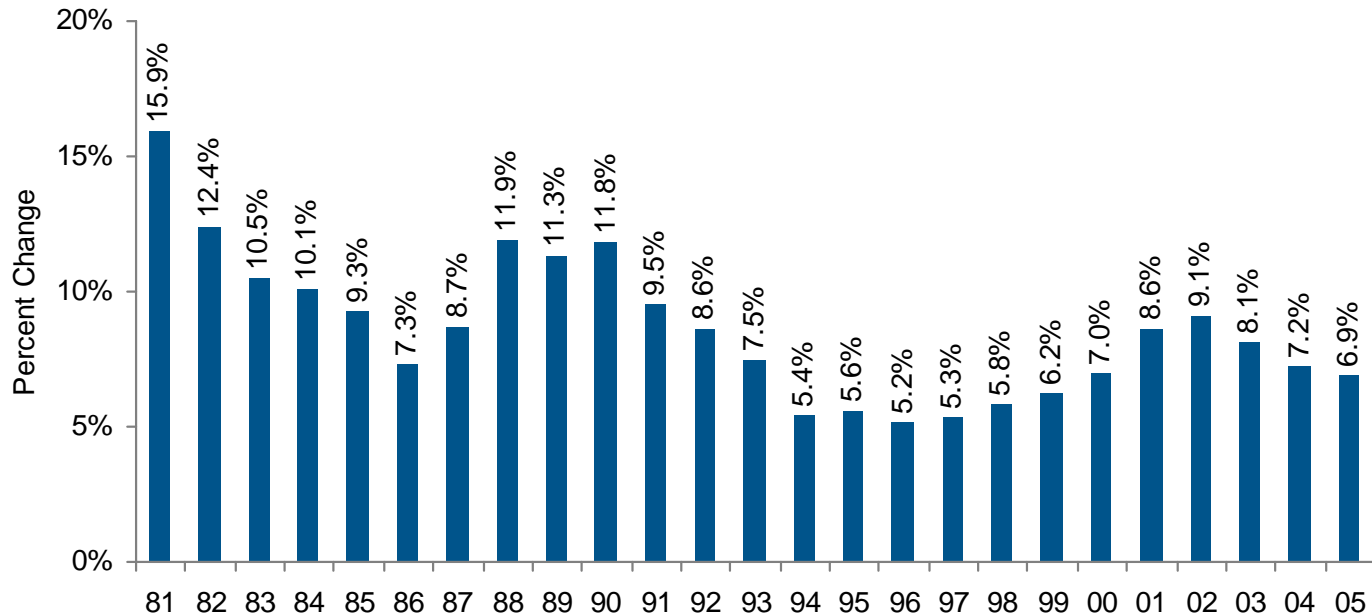


Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

⁽²⁾ Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers.

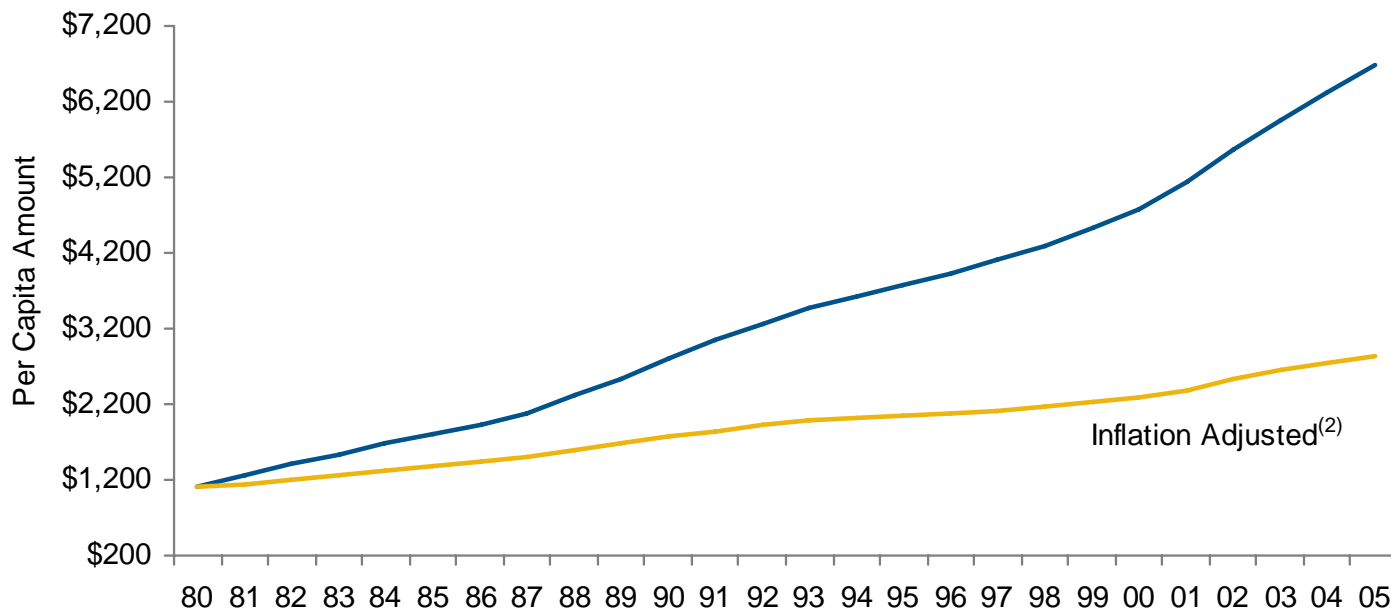
Chart 1.2: Percent Change in Total National Health Expenditures, 1981 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.3: Per Capita National Health Expenditures, 1980 – 2005⁽¹⁾

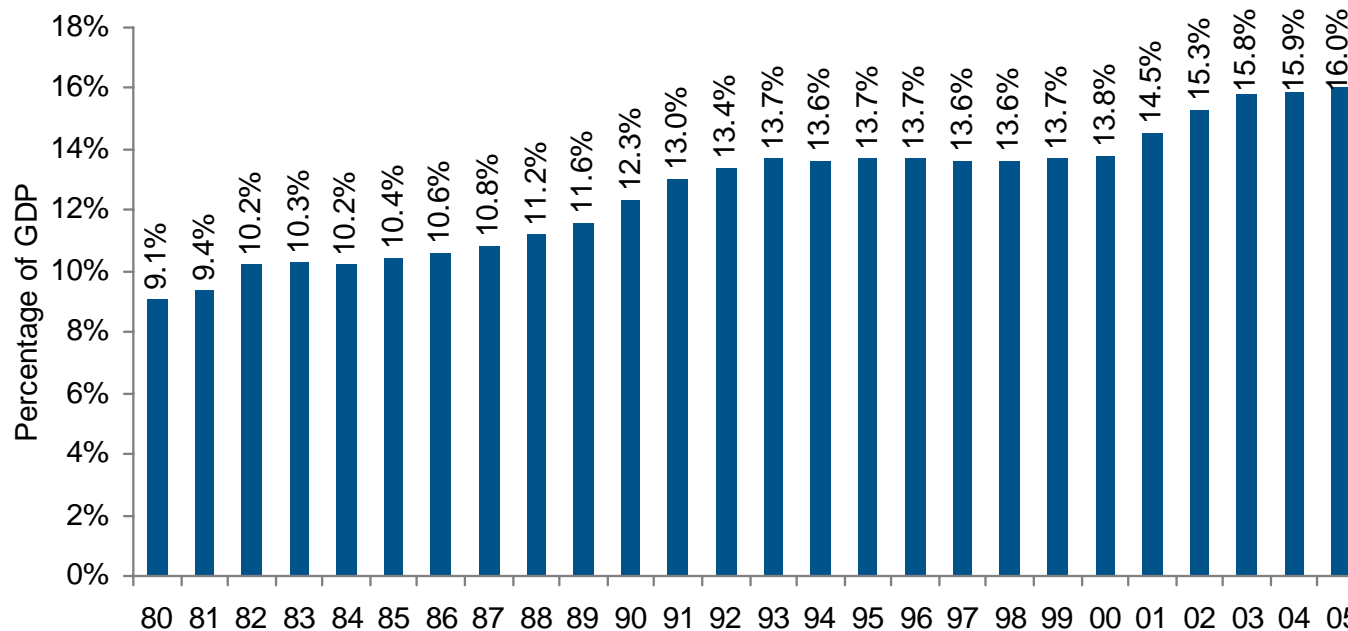


Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

⁽²⁾ Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers.

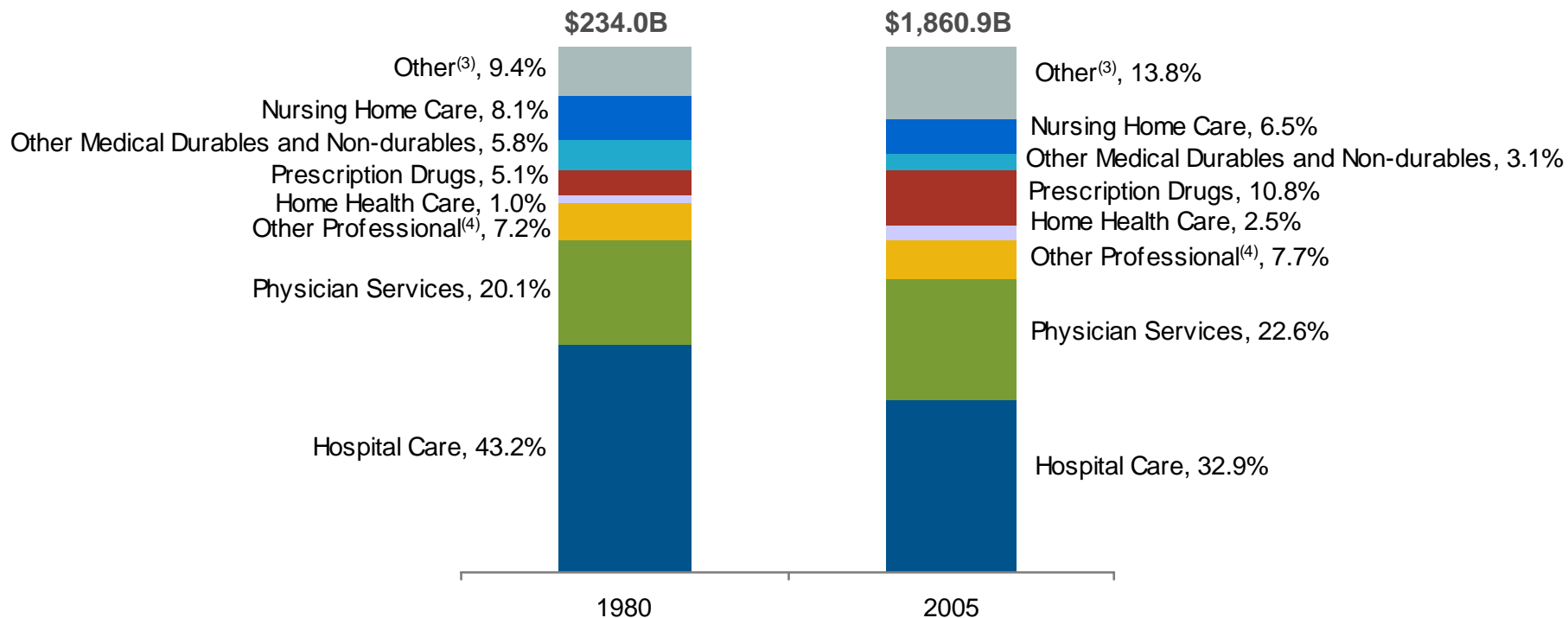
Chart 1.4: National Health Expenditures as a Percentage of Gross Domestic Product, 1980 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.5: National Expenditures for Health Services and Supplies⁽¹⁾ by Category, 1980 and 2005⁽²⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

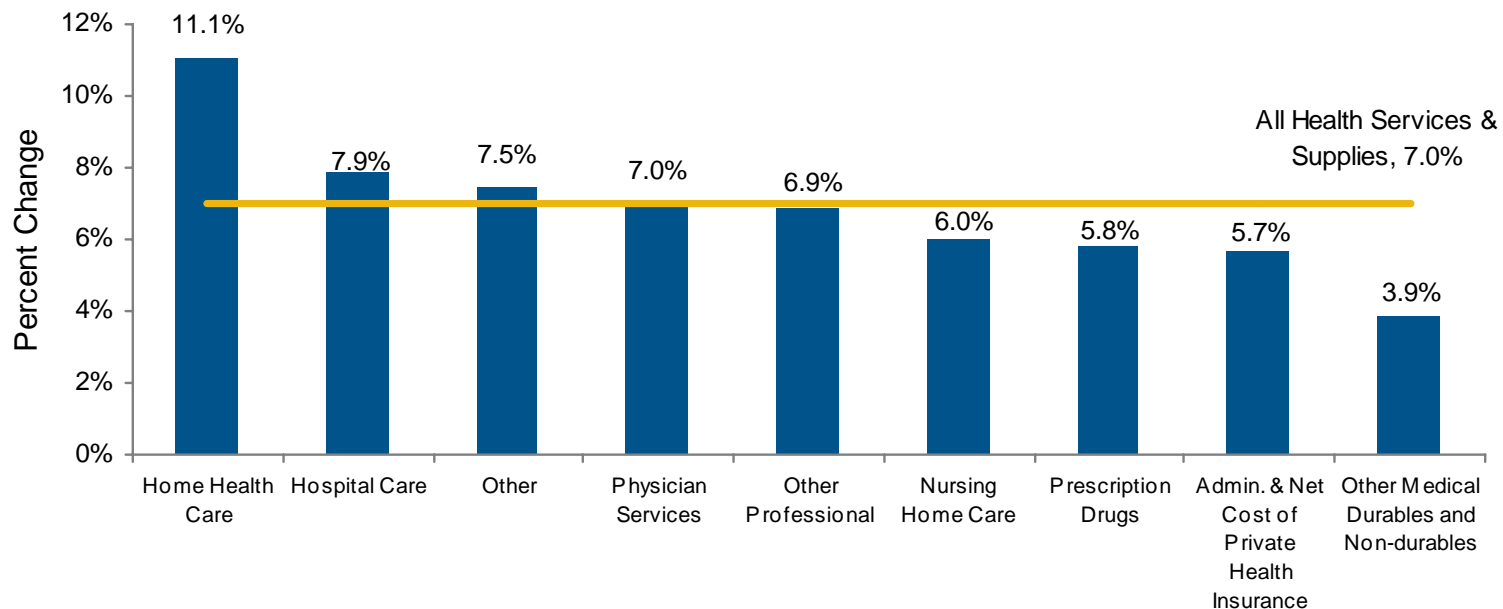
⁽¹⁾ Excludes medical research and medical facilities construction.

⁽²⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

⁽³⁾ "Other" includes net cost of insurance and administration, government public health activities, and other personal health care.

⁽⁴⁾ "Other professional" includes dental and other non-physician professional services.

Chart 1.6: Percent Change in National Expenditures for Health Services and Supplies⁽¹⁾ by Category, 2004 – 2005⁽²⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

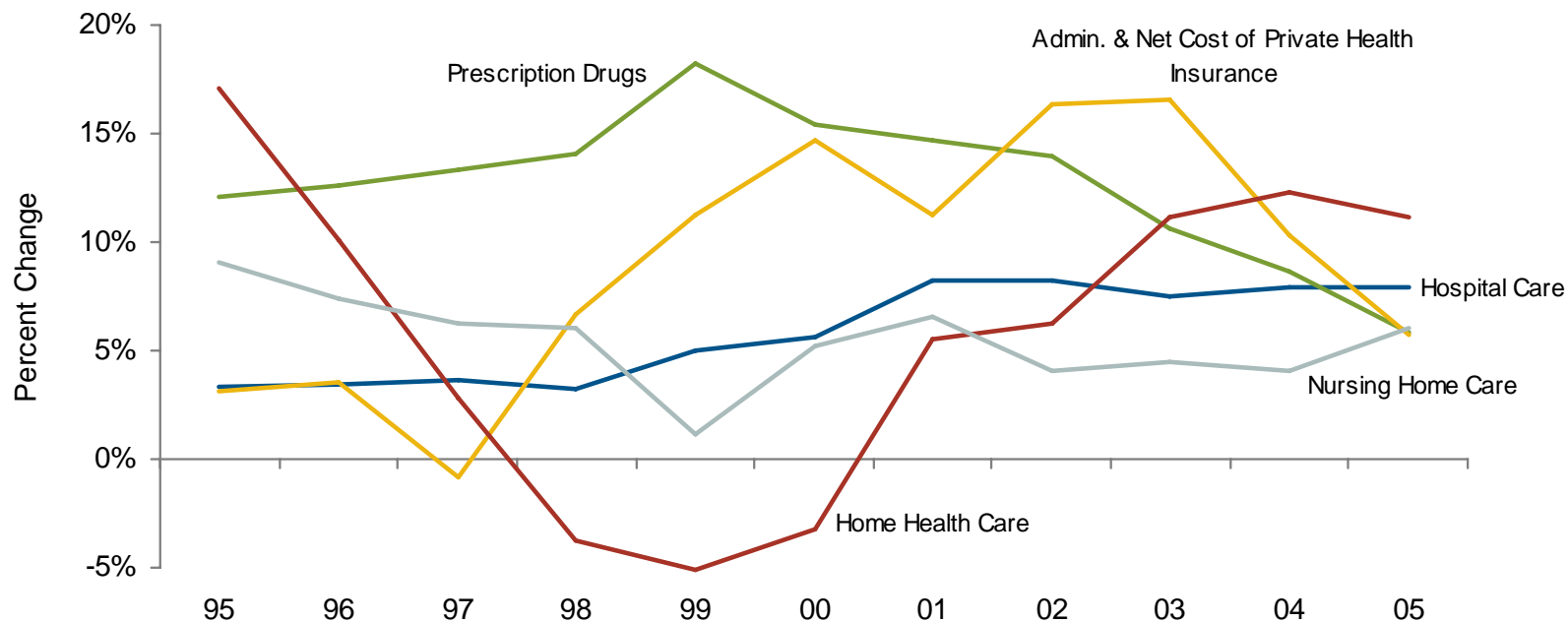
(1) Excludes medical research and medical facilities construction.

(2) CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

(3) "Other" includes government public health activities and other personal health care.

(4) "Other professional" includes dental and other non-physician professional services.

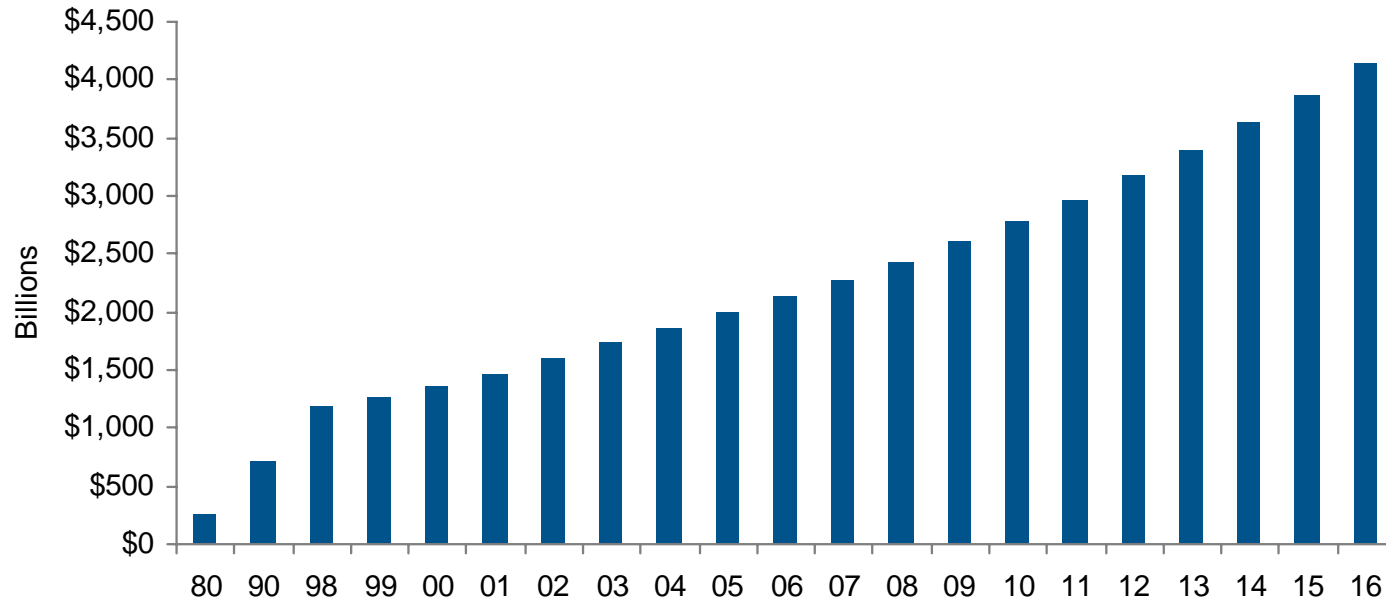
Chart 1.7: Percent Change in National Expenditures for Selected Health Services and Supplies, 1995 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.8: National Health Expenditures,⁽¹⁾ 1980 – 2016⁽²⁾

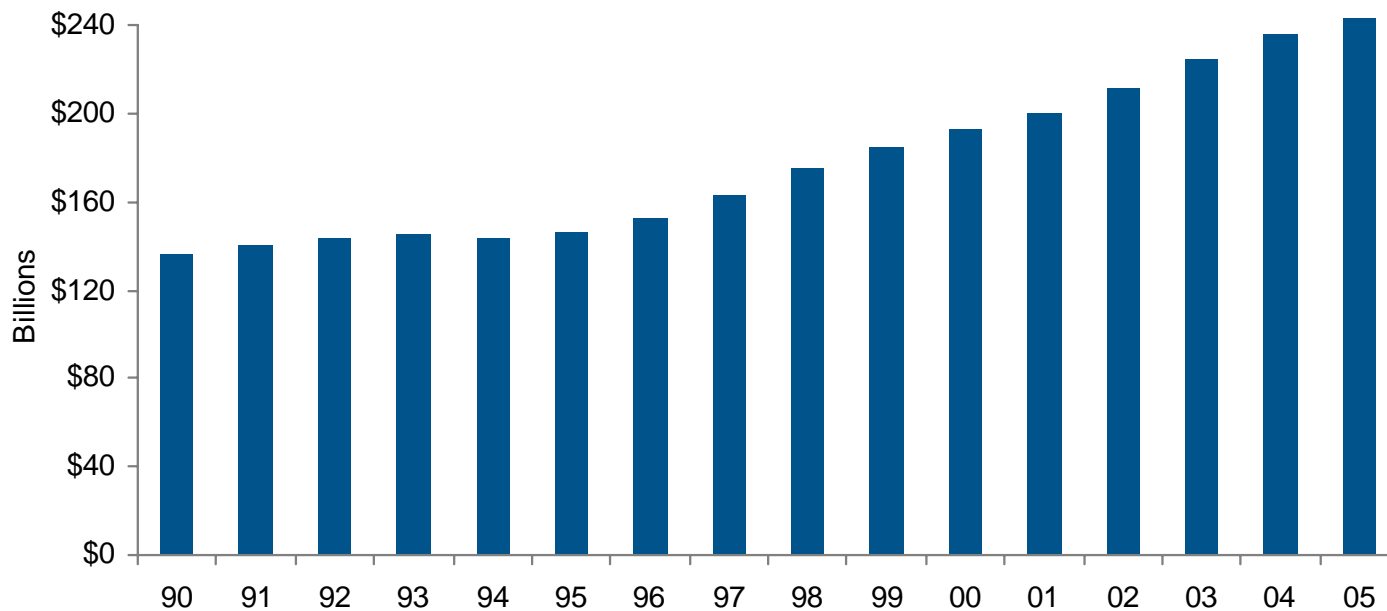


Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released February 21, 2007.

⁽¹⁾ Years 2006 – 2016 are projections.

⁽²⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

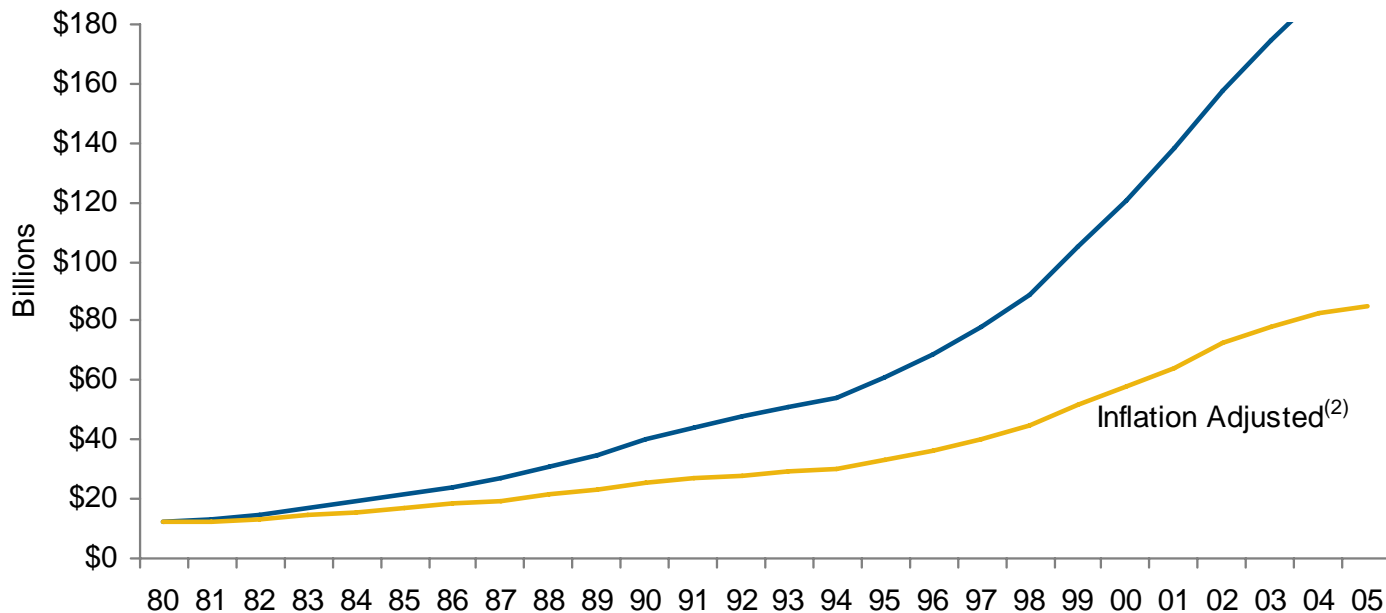
Chart 1.9: Consumer Out-of-pocket Payments for National Health Expenditures, 1990 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.10: Total Prescription Drug Spending, 1980 – 2005⁽¹⁾

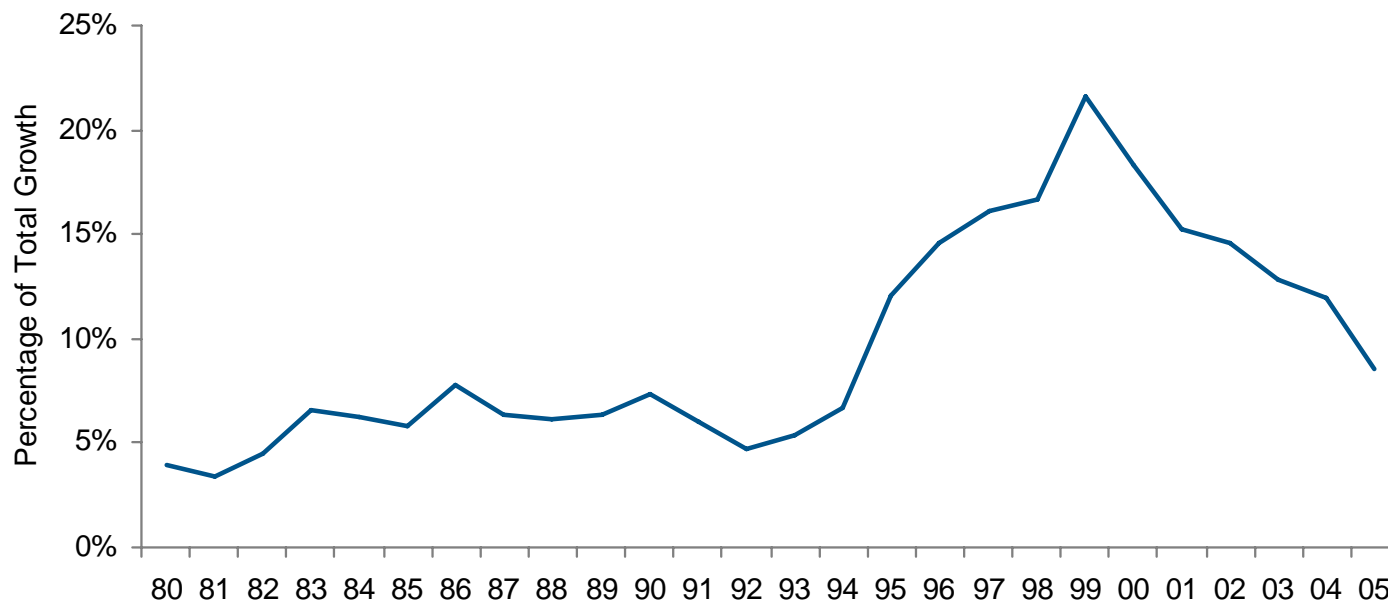


Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

⁽²⁾ Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for All Urban Consumers.

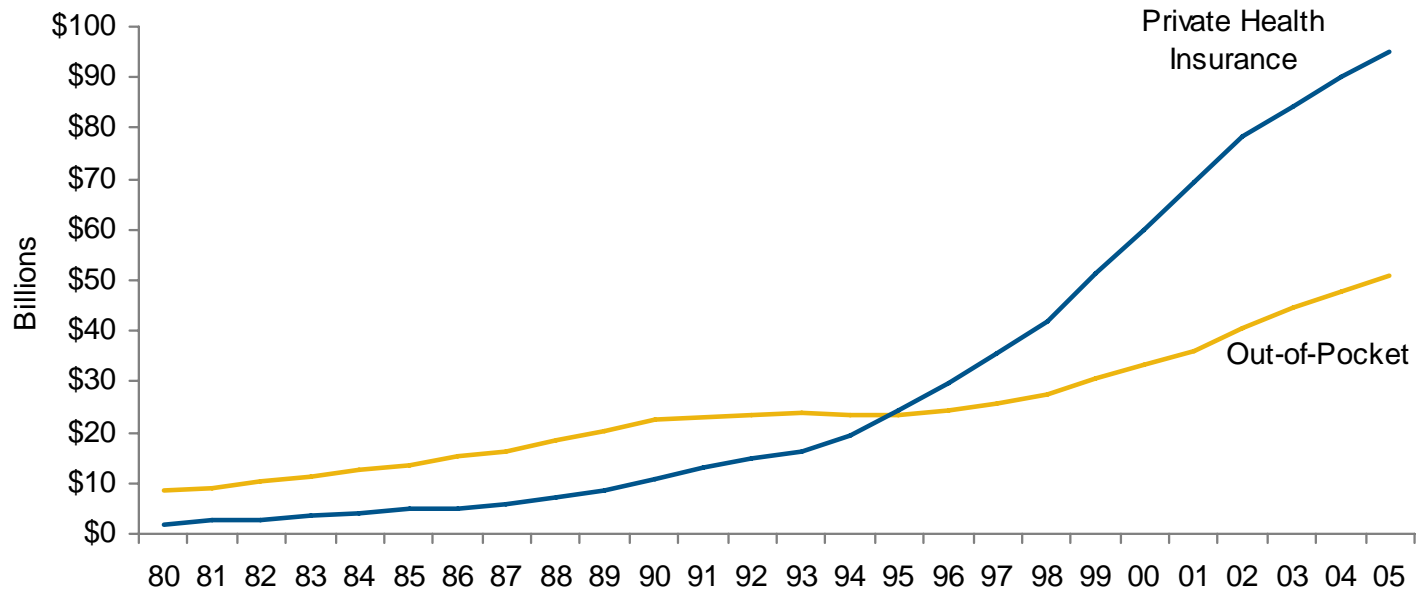
Chart 1.11: Growth in Total Prescription Drug Spending as a Percentage of Total Growth in National Health Expenditures, 1980 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

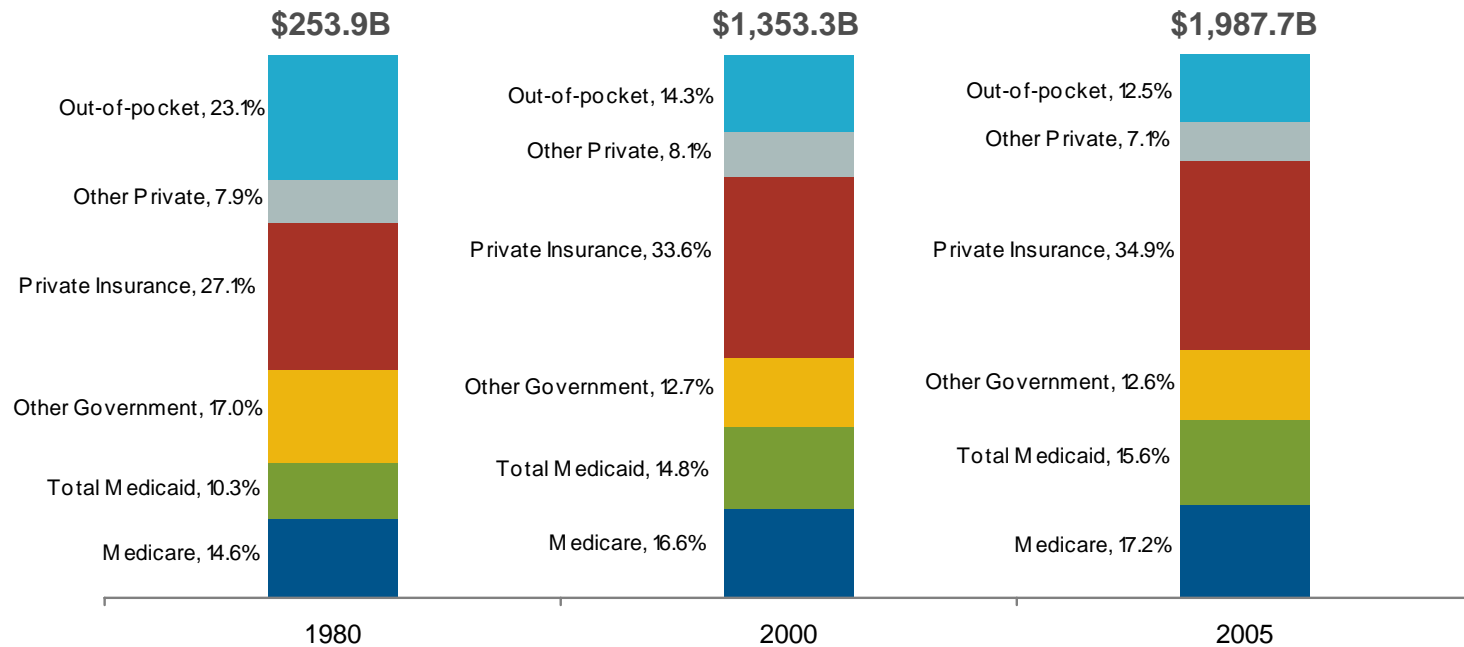
Chart 1.12: Consumer Out-of-pocket Spending vs. Private Health Insurance Spending for Prescription Drugs, 1980 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

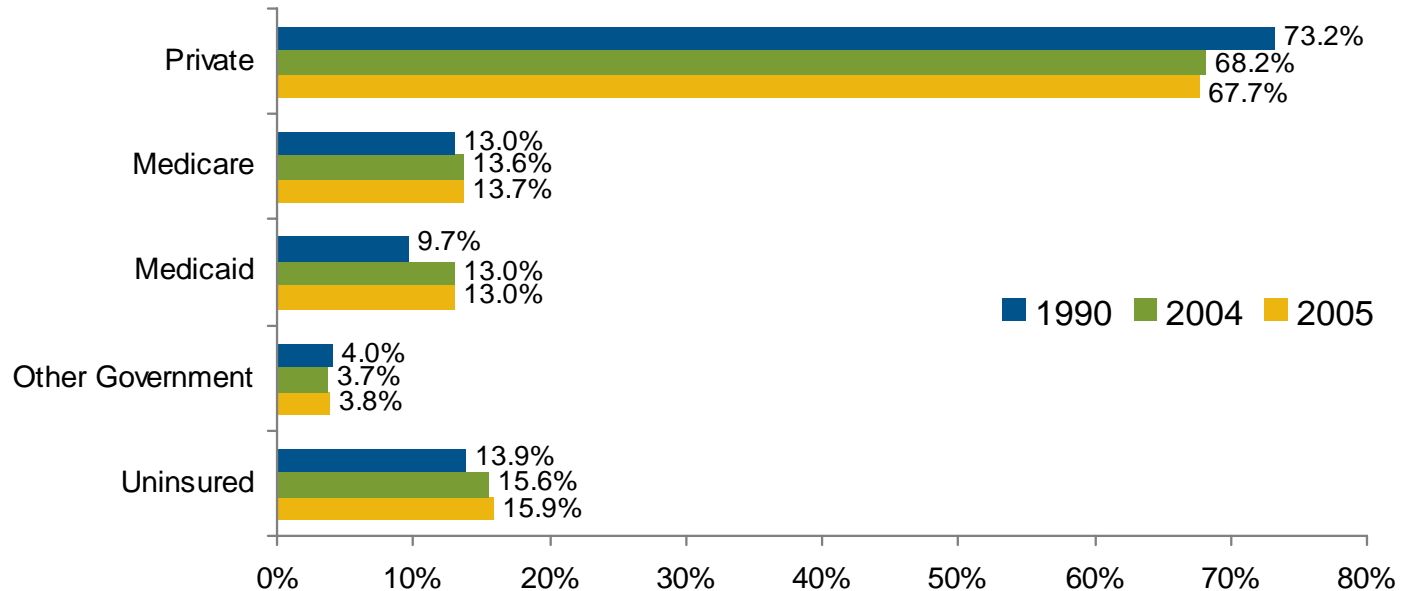
Chart 1.13: Distribution of National Health Expenditures by Source of Payment, 1980, 2000, and 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.14: Distribution of Health Insurance Coverage Percentage of Population Covered by Payer, 1990, 2004, and 2005⁽¹⁾

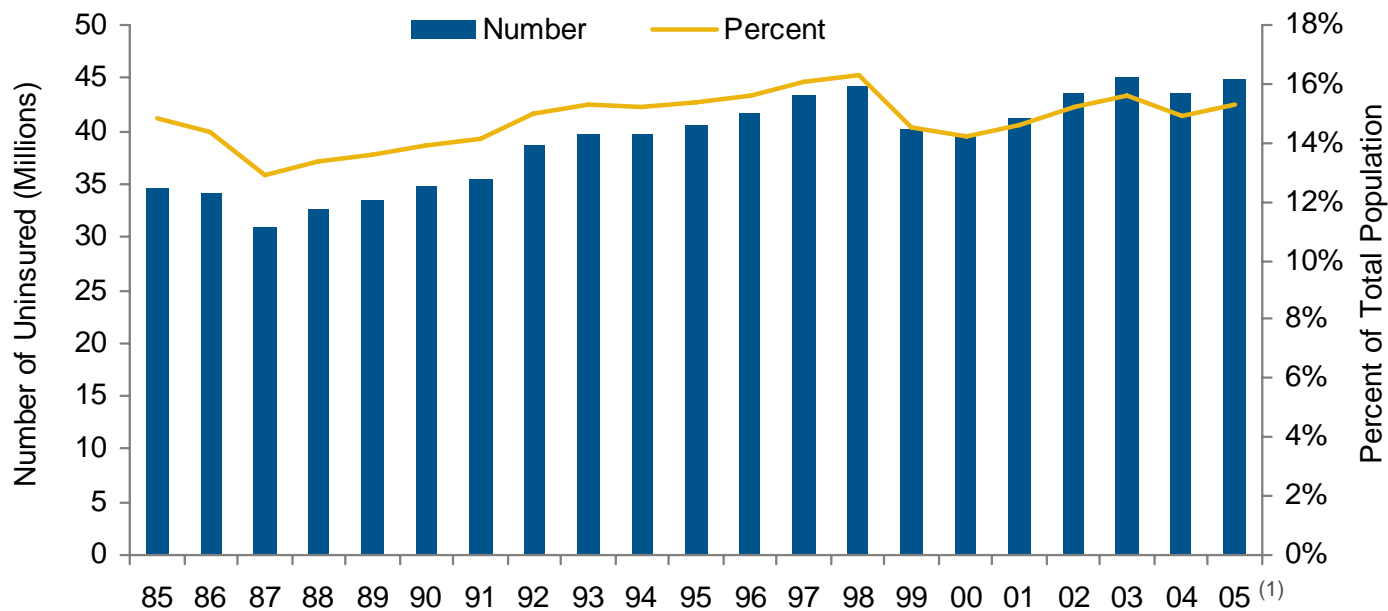


Source: US Census Bureau, Current Population Survey, 2006 Annual and Social Economic Supplement. Data released March 2006. Table HI01. Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2005, All Races.

Link: http://pubdb3.census.gov/macro/032006/health/h01_001.htm.

⁽¹⁾ 2004 data were updated in 2005 to reflect a correction to weights in the 2005 Annual Social and Economic Supplements.

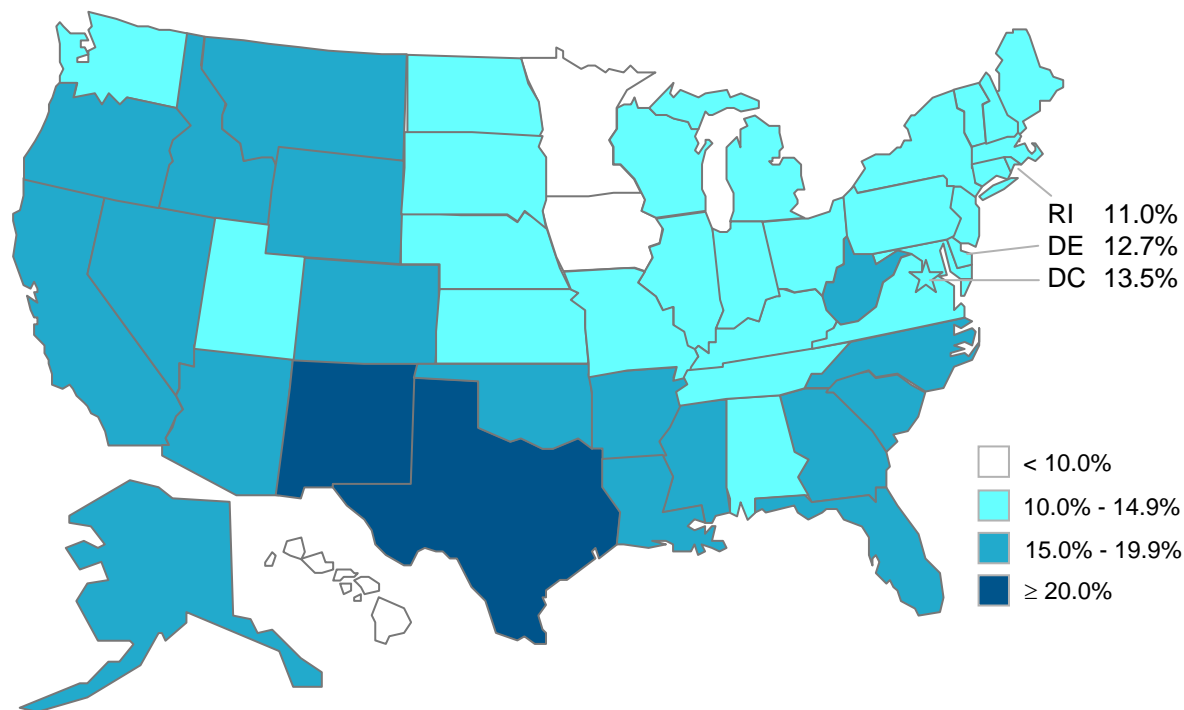
Chart 1.15: Number and Percent Uninsured, 1985 – 2005



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2005*. Data released August 2006. Table 8. People With or Without Health Insurance Coverage by Selected Characteristics: 2004 and 2005. Link: http://pubdb3.census.gov/macro/032006/health/h01_001.htm.

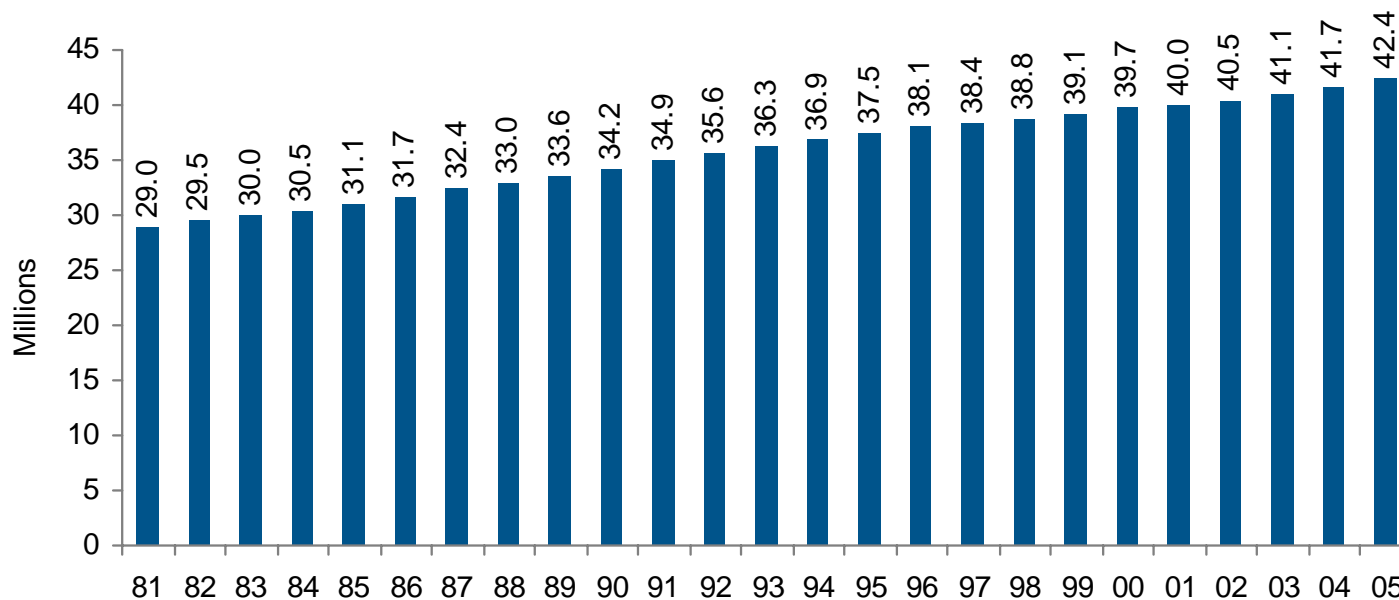
(1) 2004 and 2005 figures reflect revised estimates released by the Census Bureau on March 23, 2007.

Chart 1.16: Average Percent Uninsured by State, 2003 – 2005



Source: US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2005*. Data released August 2006.
Link: http://pubdb3.census.gov/macro/032006/health/h01_001.htm.

Chart 1.17: Medicare Enrollees,⁽¹⁾ 1981 – 2005



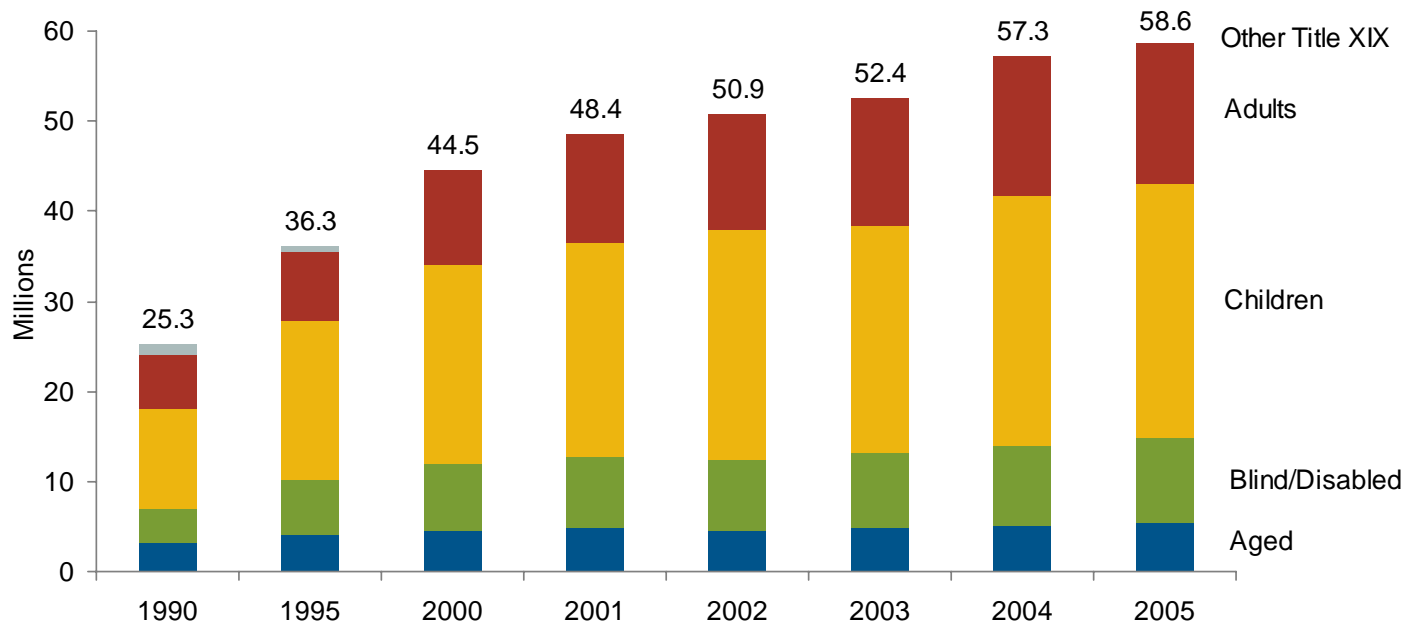
Source: Centers for Medicare & Medicaid Services. Data released July 2005.

Medicare Enrollment: National Trends, 1966 – 2005; Medicare Aged and Disabled Enrollees by Type of Coverage.

Link: <http://www.cms.hhs.gov/MedicareEnRpts/Downloads/HISMI05.pdf>.

⁽¹⁾ Hospital insurance (Part A) enrollees and/or Supplementary Medical Insurance (Part B) enrollees; includes all persons (aged and disabled).

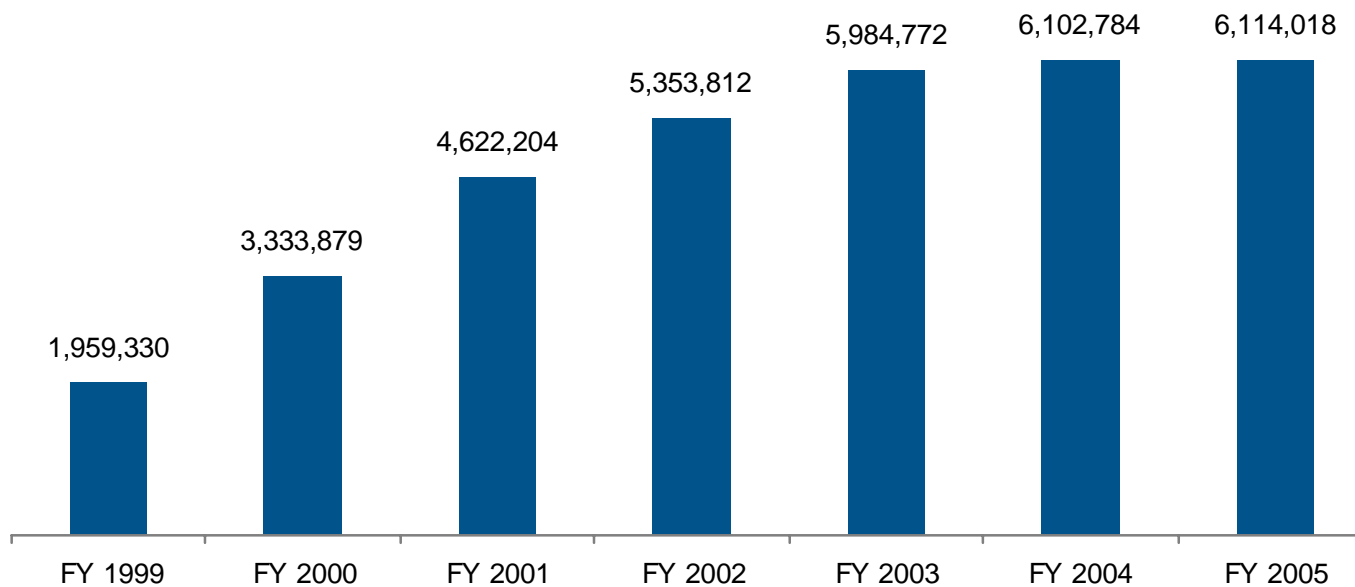
Chart 1.18: Medicaid Enrollees,⁽¹⁾ 1990, 1995, 2000 – 2005



Source: Congressional Budget Office. Data released March 2006.
Fact Sheet for CBO's March 2006 Baseline: Medicaid and the State Children's Health Insurance Program.
Link: <http://www.cbo.gov/budget/factsheets/2006b/medicaid.pdf>.

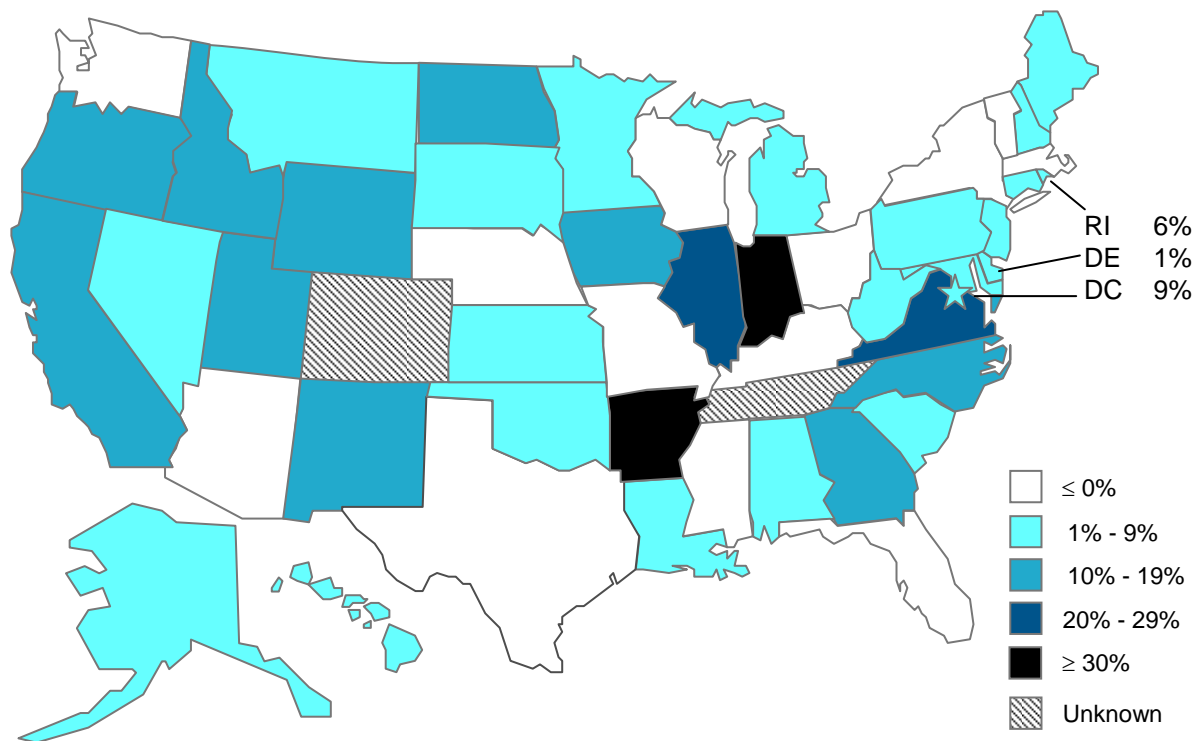
⁽¹⁾ Does not include SCHIP Enrollees.

Chart 1.19: National SCHIP Enrollment,⁽¹⁾ FY 1999 – FY 2005



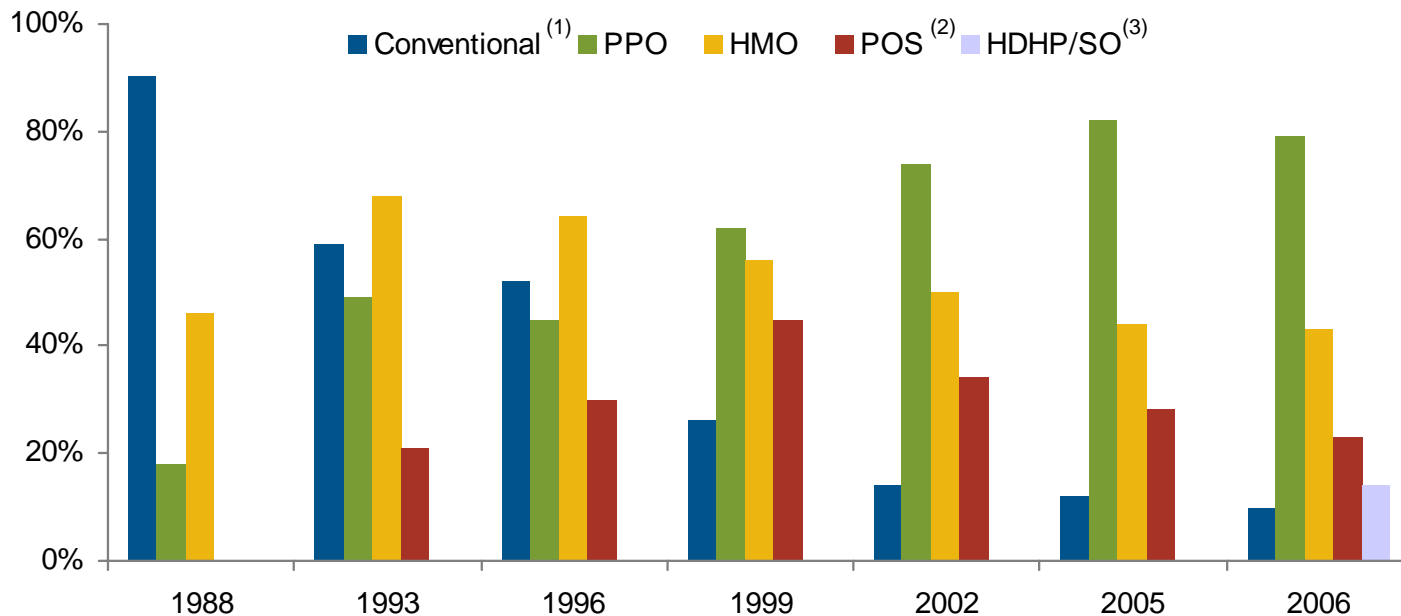
Source: Centers for Medicare & Medicaid Services. Data released July 2006.
FY 2005 Number of Children Ever Enrolled Year – SCHIP by Program Type.
Link: <http://www.cms.hhs.gov/NationalSCHIPPolicy/downloads/FY2005AnnualEnrollmentReport.pdf>.
⁽¹⁾ Number of children enrolled at any point in the year.

Chart 1.20: Percent Change in SCHIP Enrollment by State, FY 2004 – FY 2005



Source: Centers for Medicare & Medicaid Services. Data released July 2006.
FY 2005 Number of Children Ever Enrolled Year – SCHIP by Program Type.
Link: <http://www.cms.hhs.gov/NationalSCHIPPolicy/downloads/FY2005AnnualEnrollmentReport.pdf>.

Chart 1.21: Percentage of Employees with Employer-based Coverage Who Can Choose Conventional, PPO, HMO, POS, and HDHP/SO Plans, 1988 – 2006



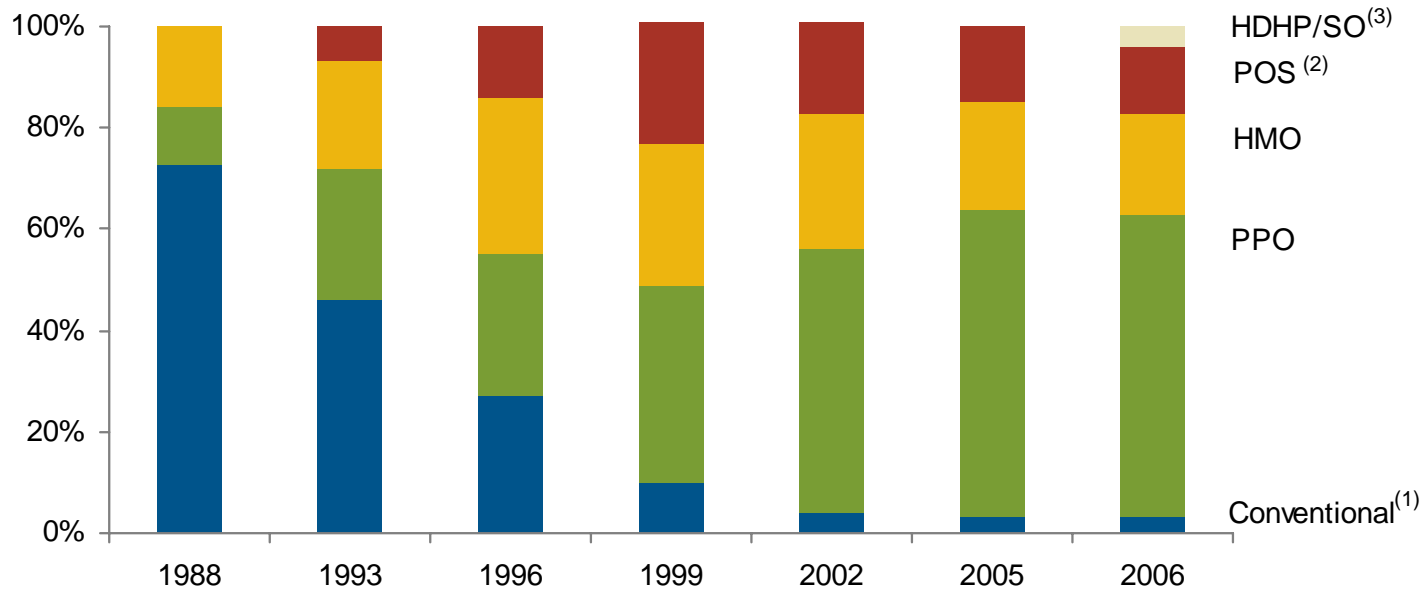
Source: The Kaiser Family Foundation and Health Research and Educational Trust. Data Released 2006.
Employer Health Benefits: 1999, 2002, 2005, and 2006. Link: <http://www.kff.org/insurance/7527/upload/7527.pdf>.
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

(1) Conventional plans refer to traditional indemnity plans.

(2) Point-of-service plans not separately identified in 1988.

(3) In 2006, the survey began asking about HDHP/SO, high deductible health plans with a savings option.

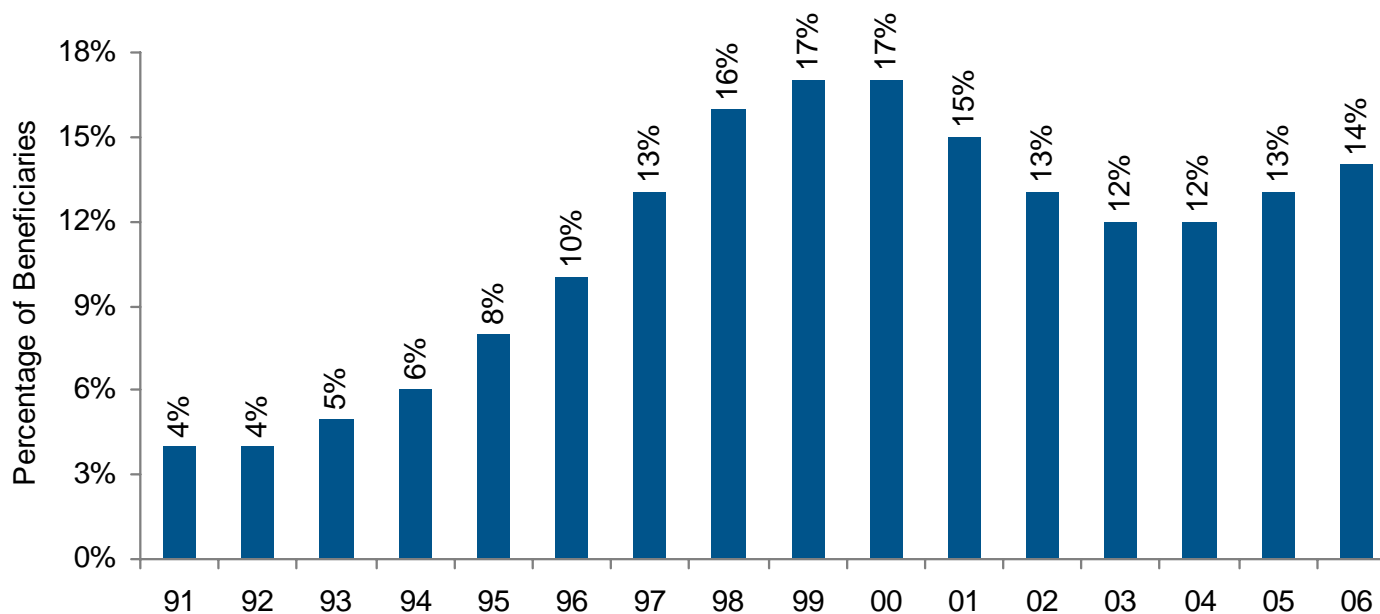
Chart 1.22: Distribution of Employer-sponsored Health Insurance Enrollment by Type of Plan, 1988 – 2006



Source: The Kaiser Family Foundation and Health Research and Educational Trust. Data Released 2006.
Employer Health Benefits: 1999, 2002, 2005, and 2006. Link: <http://www.kff.org/insurance/7527/upload/7527.pdf>.
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

- (1) Conventional plans refer to traditional indemnity plans.
- (2) Point-of-service plans not separately identified in 1988.
- (3) In 2006, the survey began asking about HDHP/SO, high deductible health plans with a savings option.

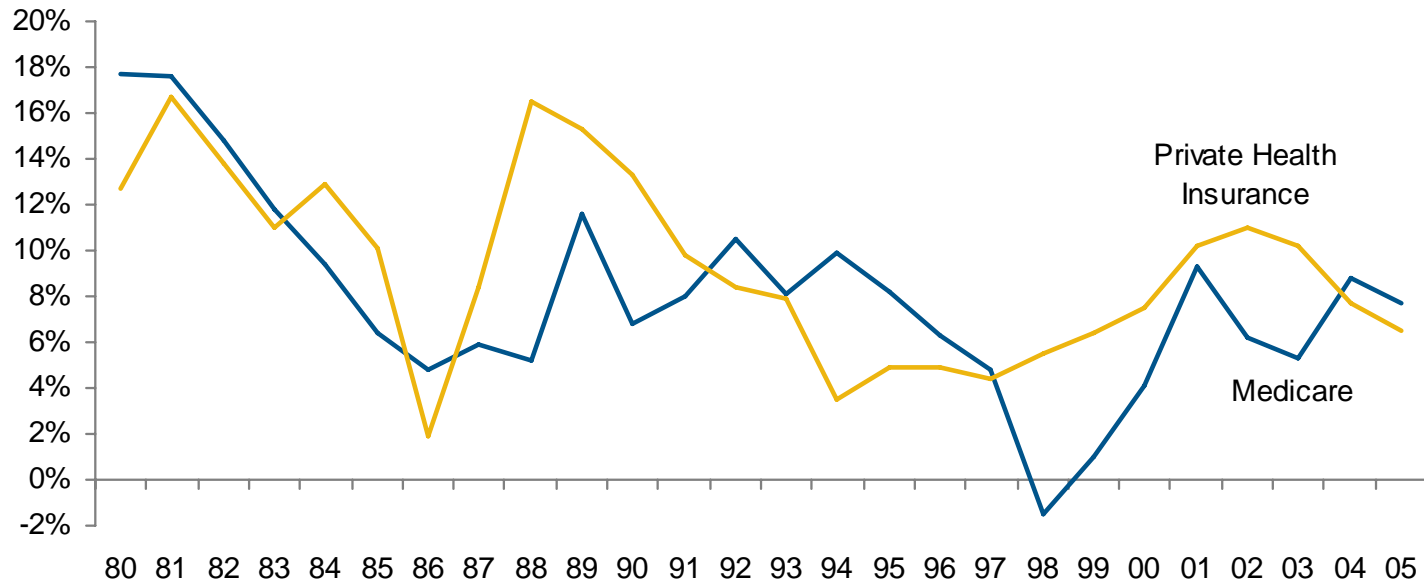
Chart 1.23: Percentage of Medicare Beneficiaries Enrolled in Medicare Managed Care,⁽¹⁾ 1991 – 2006



Source: Centers for Medicare & Medicaid Services, Office of the Actuary.

⁽¹⁾ Email correspondence with CMS staff in February 2007.

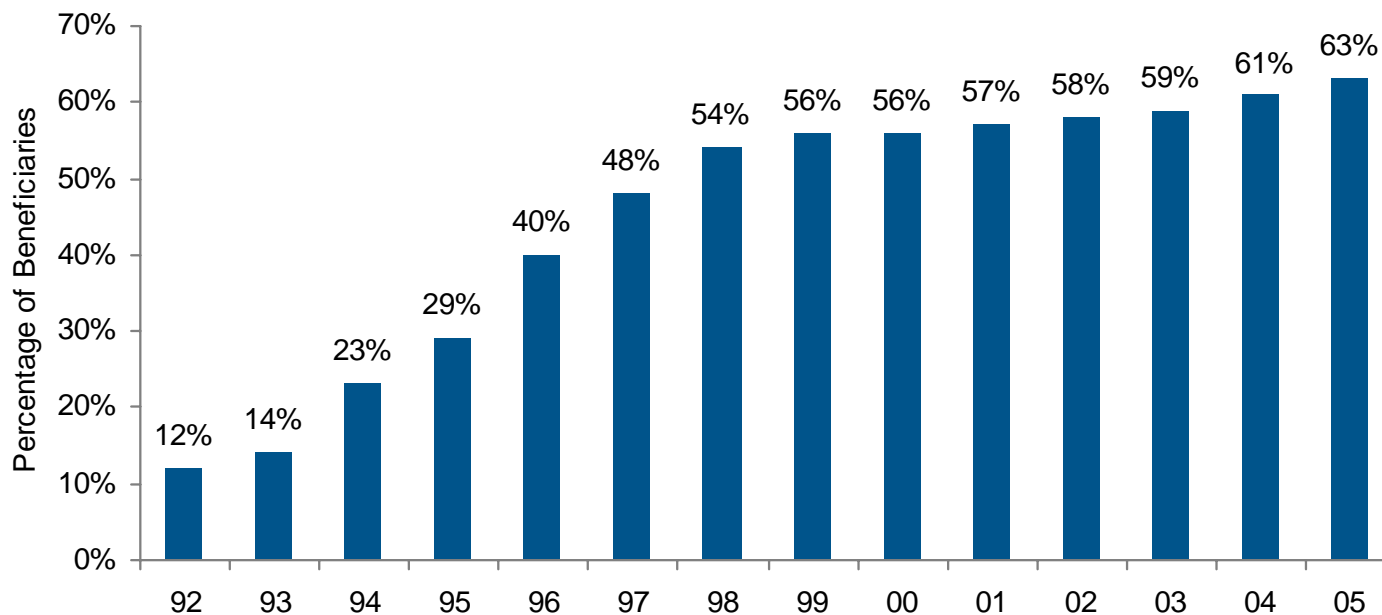
Chart 1.24: Percent Growth in Medicare Spending per Beneficiary vs. Private Health Insurance Spending per Enrollee, 1980 – 2005⁽¹⁾



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 8, 2007.

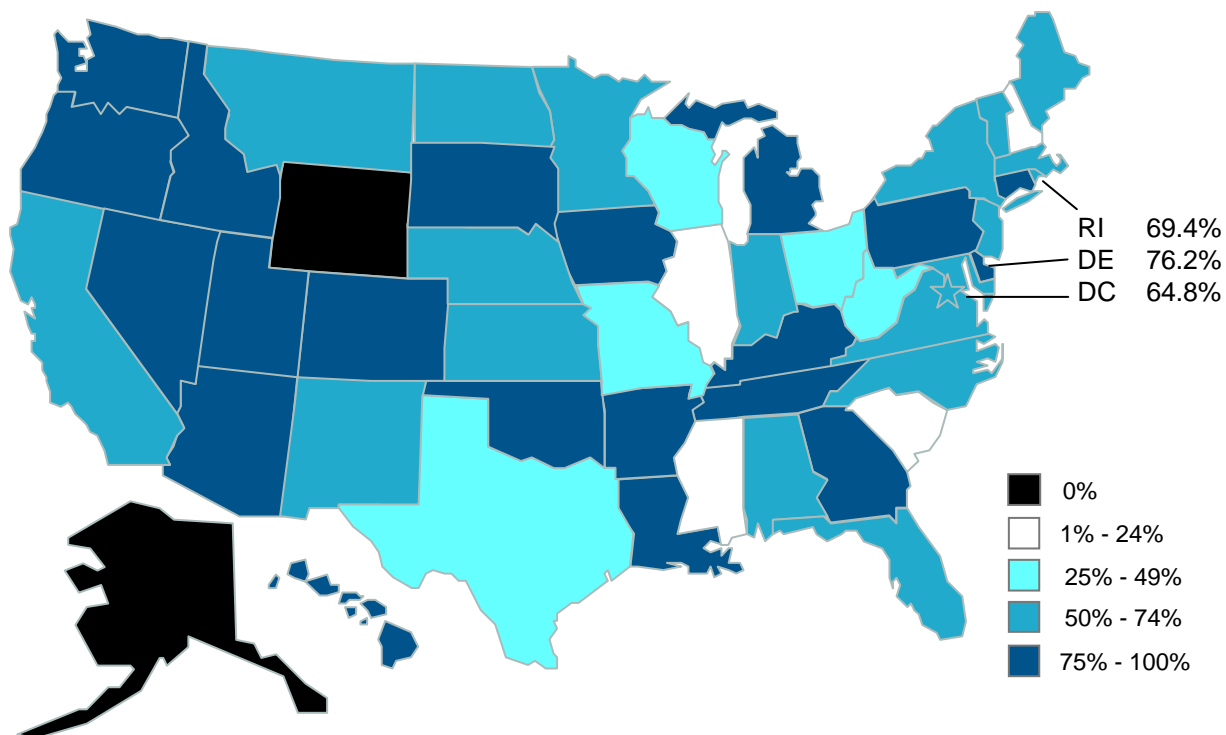
⁽¹⁾ CMS completed a benchmark revision in 2006, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/benchmark.pdf>.

Chart 1.25: Percentage of Medicaid Beneficiaries Enrolled in Medicaid Managed Care, 1992 – 2005



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released June 2005.
Medicaid Managed Care Enrollment Report as of June 30, 2005.
Link: <http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/Downloads/mmcer05.pdf>.

Chart 1.26: Percentage of Medicaid Beneficiaries Enrolled in Medicaid Managed Care by State, 2005

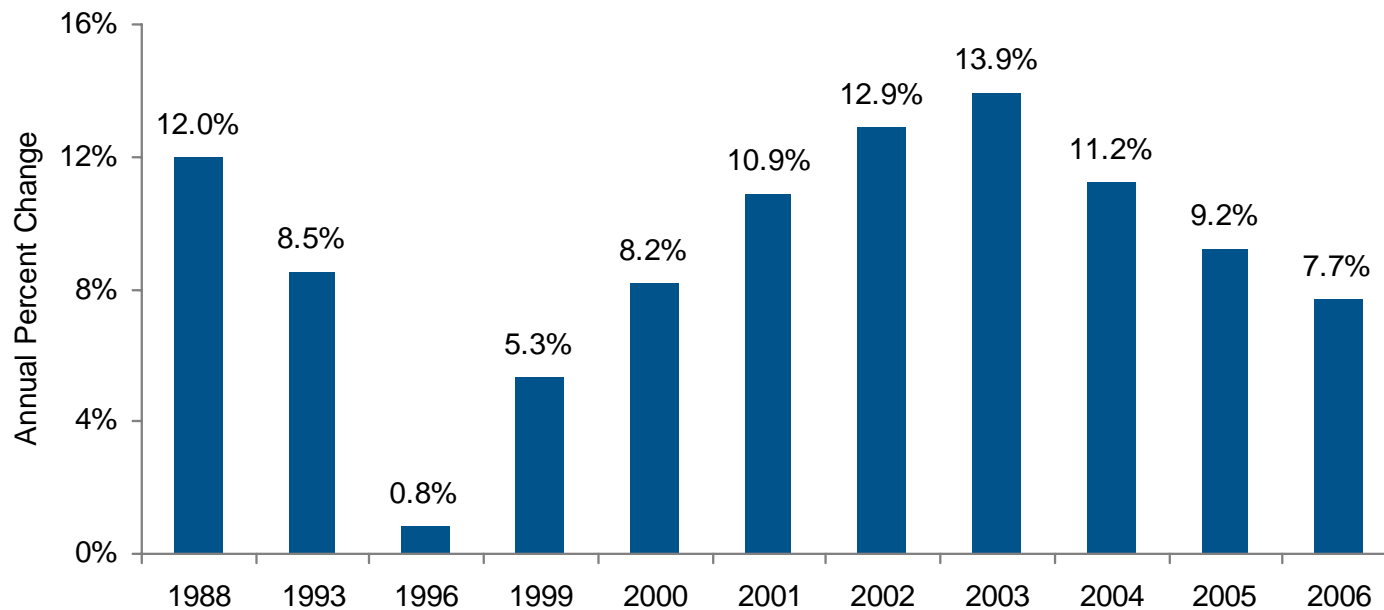


Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released June 2005.

Medicaid Managed Care Enrollment Report as of June 30, 2005.

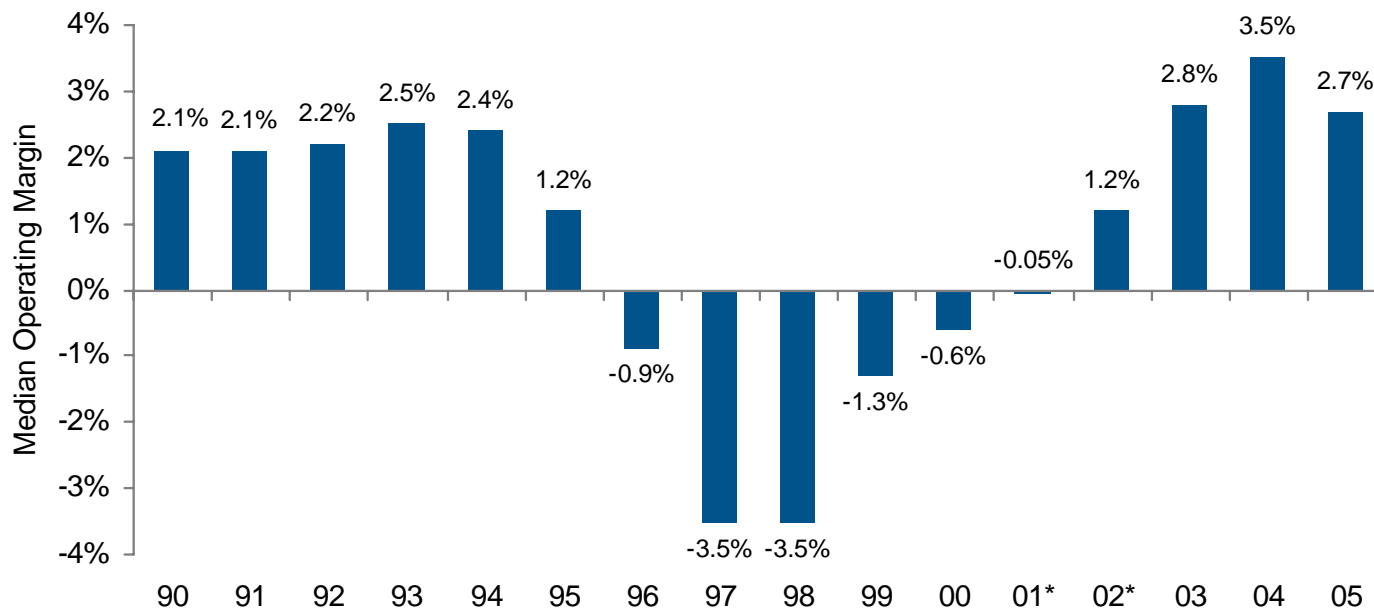
Link: <http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/Downloads/mmcer05.pdf>.

Chart 1.27: Annual Change in Health Insurance Premiums, 1988 – 2006



Source: The Kaiser Family Foundation and Health Research and Educational Trust. Data Released 2006.
Employer Health Benefits: 1999, 2002, 2005, and 2006. Link: <http://www.kff.org/insurance/7527/upload/7527.pdf>.
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

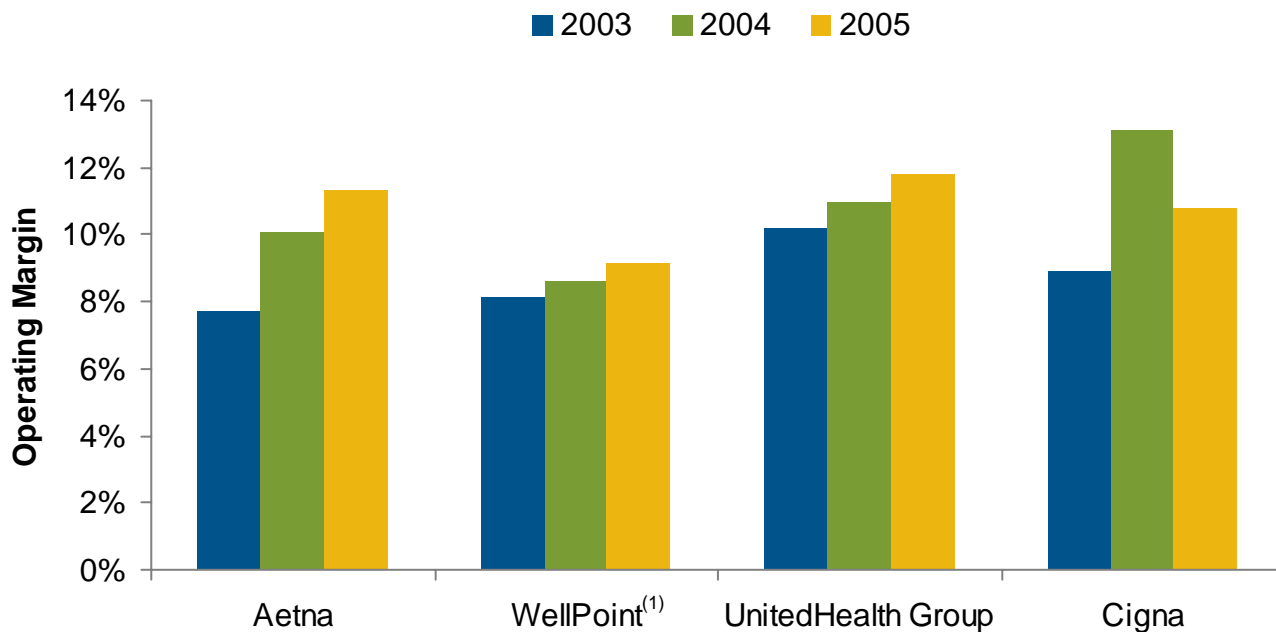
Chart 1.28: HMO Plan Median Operating Margins, 1990 – 2005



Source: Health Leaders-Interstudy, *The Health Leaders-Interstudy Competitive Edge: Part II: Managed Care Industry Report*, using data as of January 1, 2006.

* Due to changes in the financial reporting requirements that took effect in many states in 2001, Interstudy recalculated the ratios for 2001 and 2002 according to the formulas used with the current HMO Financial Database, to ensure that data over the past three years is trended according to a consistent methodology.

Chart 1.29: Operating Margins of the Top Insurers, 2003 – 2005



Source: Hoovers. Data from January 2007. Link: www.hoovers.com.

⁽¹⁾ 2004 operating margin data for WellPoint include both pre- and post-merger data for the merger with Anthem in November 2004