National Health Expenditure
Historical & Projection Data, 2008-2024
Recent Trends & Looking Ahead

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TOOL METHODOLOGY

NHA compiled multiple sources (See Right) to create a visualization tool for U.S. national health expenditure data and projections from 2008 through 2024.

Placing CMS expenditure data into Tableau allows the user to customize data viewing. In this tool, national health expenditure data and projections can be found broken down by:

• Spending at a national level
• Health spending sector (hospital, physician services, prescription drugs, etc.)
• Payment source or sponsor
• Insurance type

By analyzing the visual representations of expenditures and growth rates, as well as gaining insight through the source articles listed, NHA made key observations regarding the outlook of health spending through the year 2024.

DATA SOURCE:

OTHER SOURCES:


11-YEAR PROJECTION METHODOLOGY

According to the Centers for Medicare & Medicaid Services:

Projections are based on economic & demographic assumptions in the 2015 Medicare Trustees Report, and the CMS Office of the Actuary Health Reform Model was used to determine the major impacts of the ACA’s expansion-related provisions.

Accurate projections rely not only on an understanding of sophisticated modeling techniques and economic theory, but also on:

- the reliability of the underlying data
- the advice of experts in various health care fields
- the status of current law at the time the projection is made
- professional judgment

Accuracy Statement:

“As with any projection, the degree of uncertainty increases with the projection horizon. […] The range of the projection error varies but tends to be larger for the sector estimates, especially for prescription drugs, than the more aggregate categories like National Health Expenditures (NHE)” (“Accuracy Analysis,” 2015).
THE TOOL

Upon opening the tool is a high-level visualization of national health expenditure rates over a 50-year trend, using both historical and projection data.

From there, flipping through the available charts provides a deeper view of which factors contributed or are expected to contribute most to those rate changes from the years 2008-2024.
The filter functions allow the user to customize the chart views by selecting specific years, sectors, sponsors, or insurance types.

This tool accommodates differing users, organizations, or patient populations by providing a quick & user-friendly way to visualize national health expenditure data in selective ways.

As health reform continues to alter the healthcare landscape, projection data can be used to assist organizations in strategic, financial, and operational planning by providing a data-driven prediction of what to expect in the coming decade.
KEY OBSERVATIONS

By Sector/Service Category:

- **Hospital services:** Projected average annual growth of 6.1% over the 2008-2024 time period. Likely due to expected economic growth as well as the aging baby-boomer population requiring higher-cost services in greater volumes.

- **Physician & Clinical Services:** Projected to have accelerated to 4.8% in 2014. Greater coverage through the Affordable Care Act (ACA) & encouraging the utilization of outpatient services contributed to this growth rate; however, it was likely restrained by the increase in high-deductible health plans forcing consumers to be more conscientious about seeking care.

- **Prescription drugs:** Spiked to 12.6% in 2014 with expenditures of $305.1 billion. With the release of new specialty drugs, specifically those to treat Hepatitis C, as well as an influx of prescription drug use by the newly insured, this rate will moderate in the projected years.

SUGGESTED SOURCE:
- "Medical Cost Trend: Behind the Numbers 2016."  

Provides a summary of the most impactful cost inflators & deflators facing the healthcare industry, as well as insightful predictions & recommendations regarding health spending over the next 10 years.
KEY OBSERVATIONS

By Sponsor/Payer Type:

- **Medicare**: Projected average annual growth of 7.3% over the 2016-2024 time period compared to the 4.7% projection for 2015. Highest rates are towards the end of the projection period as beneficiaries age into Medicare and the baby-boomer population ages, requiring more health services.

- **Medicaid**: Projected to slow over the projection period after the initial 12% spike in 2014 from coverage expansions.

- **Private Insurance**: Remains fairly constant over projection period. While enrollment is still expected to increase, the growth rate is offset by the increase in high-deductible health plans, narrowing networks, and the excise tax on high-cost employer-based plans to hit in

- **Out-of-pocket**: Decelerated with the ACA, but projected to accelerate again reaching a peak at 5.7%. However, the share of out-of-pocket spending in proportion to other payment sources is projected to fall.

**Summary Statement:**

“The government-sponsored share of health spending is projected to increase and account for 47% of national health expenditures by 2024, largely driven by Medicaid coverage expansions, Marketplace plan premium and cost-sharing subsidies, and increased use and intensity in medical services for the Medicare program as the baby-boomers begin to require more care.”
Based in Richmond, VA, New Health Analytics offers a scalable platform to support the new model of healthcare analytics.

We help you with your day-to-day needs for data analysis by enabling the way you share clinical information; coordinate treatment between primary care physicians and specialists; apply medical treatment guidelines; and monitor the adherence of practitioners compared to others.

As it becomes more critical for hospitals and physicians who are affiliated but that have separate data silos to share and compare metrics; you need a trusted, independent source as well as a new breed of analytics tools to extend what has been available to-date. The expansion of public reporting will be a key component of healthcare reform. Many analytic solutions of today do not meet these next generation needs.