Health spending grew less rapidly in 2009

By Editor Test *Wed, Jan 12, 2011*

Health spending rose only 4% in 2009 to $2.5 trillion, or $8,086 per person, down from 4.7% in 2008. Consumers spent $299.3 billion out-of-pocket on health care, up 0.4%.

During 2009, a year of deep recession followed by slow economic growth, national health care spending rose at its lowest rate in five decades, according to the January issue of *Health Affairs* magazine.

Health spending rose only 4% in 2009 to $2.5 trillion, or $8,086 per person, down from 4.7% in 2008, according to analysts at the Centers for Medicare and Medicaid Services (CMS) Office of the Actuary in their annual report on national health spending.

But health spending grew as a percent of the gross domestic product, rising to 17.6% of GDP in 2009 from16.6% percent in 2008. It was the largest one-year increase in the 50-year history of the National Health Expenditure Accounts.

Statistical highlights for 2009 from the report:

- Consumer out-of-pocket spending reached $299.3 billion, up 0.4%.
- 3.5 million people were newly enrolled in Medicaid.
- The federal government spent 17.9% more on health care in 2009 than in 2008, absorbing 27% of the cost of the U.S. health care bill, due mainly to the infusion of funds into Medicaid from the American Recovery and Reinvestment Act, the “stimulus bill.”
- Federal and state Medicaid spending: $373.9 billion, or 15% of the national health care bill of $2.49 trillion.
- Medicare spending: $502.3 billion.
- Medicare Advantage expenditures reached $125.3 billion, accounting for 25% of total Medicare spending, a share that has nearly doubled since 2003.
- Spending on hospital care: $759.1 billion, an increase of 5.1% from the previous year.
- Spending on prescription drugs: $249.9 billion.
- Spending for physician and clinical services: $505.9 billion.

The recession contributed to a historically low rate of growth in private health insurance spending, slower growth in consumer out-of-pocket spending, and a decline in health care providers’ investments in structures and equipment, the report showed.

The swift impact of the recession on employment and income caused health spending to decline almost immediately after GDP began to decline, rather than after a one-to-two year lag period as in previous downturns.