



CMS NEWS

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Contact: CMS Media Relations

(202) 690-6145 | [CMS Media Inquiries](#)

CMS Releases 1991-2014 Health Care Spending by State

Data details health care spending for residents by service and major payer

Today, the Centers for Medicare & Medicaid Services' (CMS) Office of the Actuary (OACT) released state-level health care spending data for the period 1991-2014. The data shows that while most states experienced faster growth in 2014 due to Medicaid expansion and enrollment in Exchange plans, per capita health spending in Medicaid expansion and non-expansion states grew at similar rates. The report also found that the most recent economic recession, which ended in 2009, and modest recovery since then, had a sustained impact on health spending and health insurance coverage. Every state experienced slower growth in per capita personal health care spending from 2010-2013 than experienced during the period 2004-2009.

David Lassman, the lead author of the report noted that, "recent economic and health sector factors have had clear impacts by state, both by payer and in the rates of overall per capita personal health care expenditure growth; however, during the 2009 to 2014 period, the variation in spending between the lowest and highest states was virtually unchanged."

The report, published as a web first in Health Affairs, offers vital context for understanding how health spending varies across states. The analysis updates previous estimates published in 2011 and examines personal health care spending (or the health care goods and services consumed) through a resident-based view. These estimates are also presented both by type of goods and services (such as hospital services and retail prescription drugs) and by major payer (including Medicare, Medicaid, and private health insurance) for the individuals who reside in a state.

The topline findings from the report include:

- **Considerable regional variation on personal health care spending:**

- In 2014, the New England and Mideast regions had the highest levels of total per capita personal health care spending (\$10,119 and \$9,370, respectively), or 26 and 16 percent higher than the national average (\$8,045).
 - In contrast, the Rocky Mountain and Southwest regions had the lowest levels of total personal health care spending per capita in 2014 (\$6,814 and \$6,978, respectively) with average spending roughly 15 percent lower than the national average.
- **Similar growth in Medicaid expansion and non-expansion states:** While most states experienced faster growth in 2014 compared to 2013 due to Medicaid expansion and enrollment in Health Insurance Exchange plans, per capita health spending in Medicaid expansion and non-expansion states grew at similar rates, 4.4 and 4.5 percent respectively. The similar growth in per capita spending for expansion and non-expansion states was due largely to two effects:
 - Faster growth in the use of healthcare goods and services in expansion states relative to non-expansion states due to a larger increase in the percent of people insured in those states.
 - Faster growth in spending per insured person in non-expansion states relative to expansion states.
- **Impact of recent economic recession and recovery:** The most recent economic recession, which ended in 2009, and modest recovery since then, had a sustained impact on health spending and health insurance coverage.
 - For 2010-2013, per capita personal health spending grew at a rate of 2.8 percent per year on average, substantially slower than during 2004-2009, when spending averaged 5.2 percent growth per year.
 - During 2010-2013, every state experienced slower growth in per capita personal health care spending with an average deceleration of just over two percentage points compared to the 2004-2009 period.
- **Three Major Payers:**
 - **Medicare:** States with above average per enrollee Medicare spending were generally located in the eastern United States while states with the lowest spending were generally in the western United States.
 - The State with the highest per enrollee Medicare spending in 2014 was New Jersey (\$12,614) with spending levels roughly 15 percent above the national average (\$10,986).
 - In 2014, Montana was the State with the lowest per enrollee Medicare spending, at \$8,238 per enrollee (25 percent below the national average per enrollee).
 - **Medicaid:** The recent trends in per enrollee spending were driven by the Medicaid coverage expansion, which increased the share of relatively less expensive enrollees relative to the previous Medicaid beneficiary population mix in expansion states.
 - Total Medicaid spending increased 12.3 percent from 2013 to 2014 for states that expanded Medicaid, compared with 6.2 percent for states that did not expand Medicaid.
 - However, on a per enrollee basis Medicaid spending declined considerably for the expansion states (-5.1 percent) in 2014, because of the enrollment of relatively less expensive enrollees, whereas per enrollee Medicaid spending in the non-expansion states increased 5.1 percent.

- **Private Health Insurance:** Per enrollee private health insurance spending was \$4,551 in 2014, an average annual increase of 3.3 percent since 2009 (\$3,872).
 - Total private health insurance spending grew more rapidly in states that did not expand Medicaid eligibility by 2014 than in states that did expand eligibility, at rates of 6.8 percent and 4.6 percent, respectively.
 - A majority of this difference reflects faster private health insurance enrollment growth in non-expansion states (3.2 percent) compared to that for expansion states (1.9 percent).

The OACT data and analysis will appear at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsResidence.html>

An article about the study also being published by Health Affairs here: <http://content.healthaffairs.org/lookup/doi/10.1377/hlthaff.2017.0416>

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