



Chartbook Section 1:
Minnesota Health Care Spending and Cost Drivers

Section 1: Minnesota Health Care Spending and Cost Drivers

- Minnesota health care spending by source of funds
- Minnesota health care spending by categories of service
- Minnesota/U.S. health care spending comparisons
- Minnesota private market trends: premiums, spending, and cost drivers

This slide deck is part of Minnesota's Health Care Markets Chartbook, an annual review of key metrics in health care access, coverage, market competition and health care costs ([MN Statutes, Section 144.70](#))

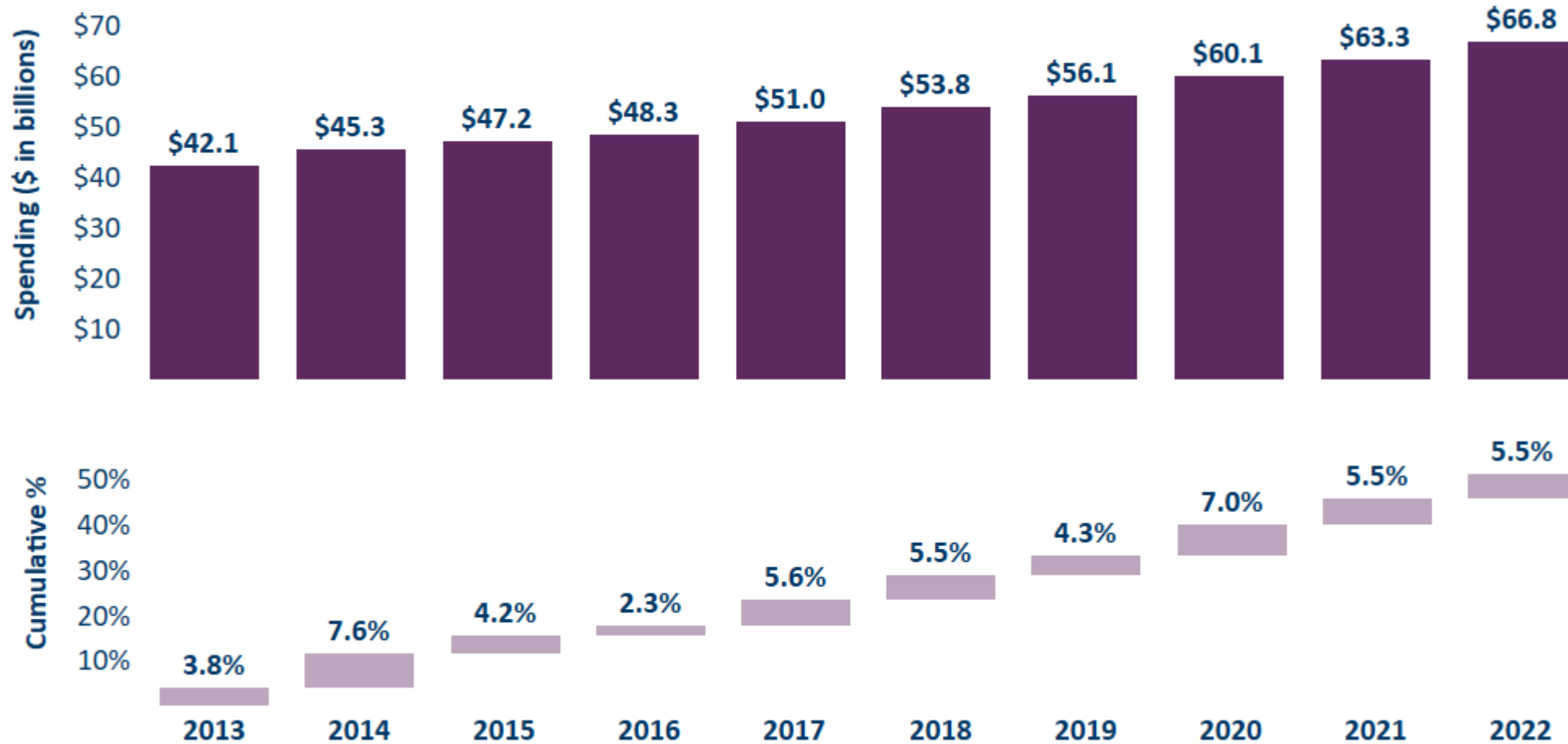
A summary of the charts and graphs contained within is provided at [Chartbook Summaries - Section 1](#). Direct links are listed on each page. Please contact the Health Economics Program at 651-201-4520 or health.hep@state.mn.us if additional assistance is needed for accessing this information.

Key Terms

Listed in the order they are used in the chartbook

- **Private Health Insurance** – Health insurance offered by employers or purchased by individuals, including Medicare supplement plans and private long-term care insurance; it includes both enrollment and spending.
- **Out-of-pocket** – all payments for health care services made directly by individuals to providers or suppliers to pay for health care goods and services, including copays and co-insurance for office visits, hospital stays and prescription drugs (excluding premiums).
- **Other Private** – private workers' compensation and medical spending from auto insurance.
- **Medical Assistance** – Minnesota's Medicaid program, focused on covering eligible low-income adults, children, pregnant women, elderly adults and people with disabilities; it includes both enrollment and spending.
- **Medicare** – Medicare is focused on covering people aged 65 and older, as well as people with disabilities and end-stage renal disease (kidney disease). For purposes of this chartbook it includes enrollment and spending for Traditional Medicare, Medicare Cost and Medicare Advantage plans, and Medicare Part D; it excludes the premiums paid for Medicare Supplement, Medicare Advantage, and Medicare Part D plans.
- **Other Public** – MinnesotaCare, Veterans Affairs, Indian Health Service, certain public health expenditures, and school-based health care enrollment and spending; it includes the historical Minnesota General Assistance Medical Care (GAMC) program which ended in 2010.
- **Private Payer** – includes private health insurance, out-of-pocket, and other private enrollment and spending.
- **Public Payer** – includes Medical Assistance, Medicare, and other public enrollment and spending.
- **Other factors** – references to items that drive spending growth or declines, such as changes in prices and use of health care services; it excludes changes in enrollment or inflation.
- **Premiums** – the amount paid for health insurance each month.

Trends In Minnesota Health Care Spending

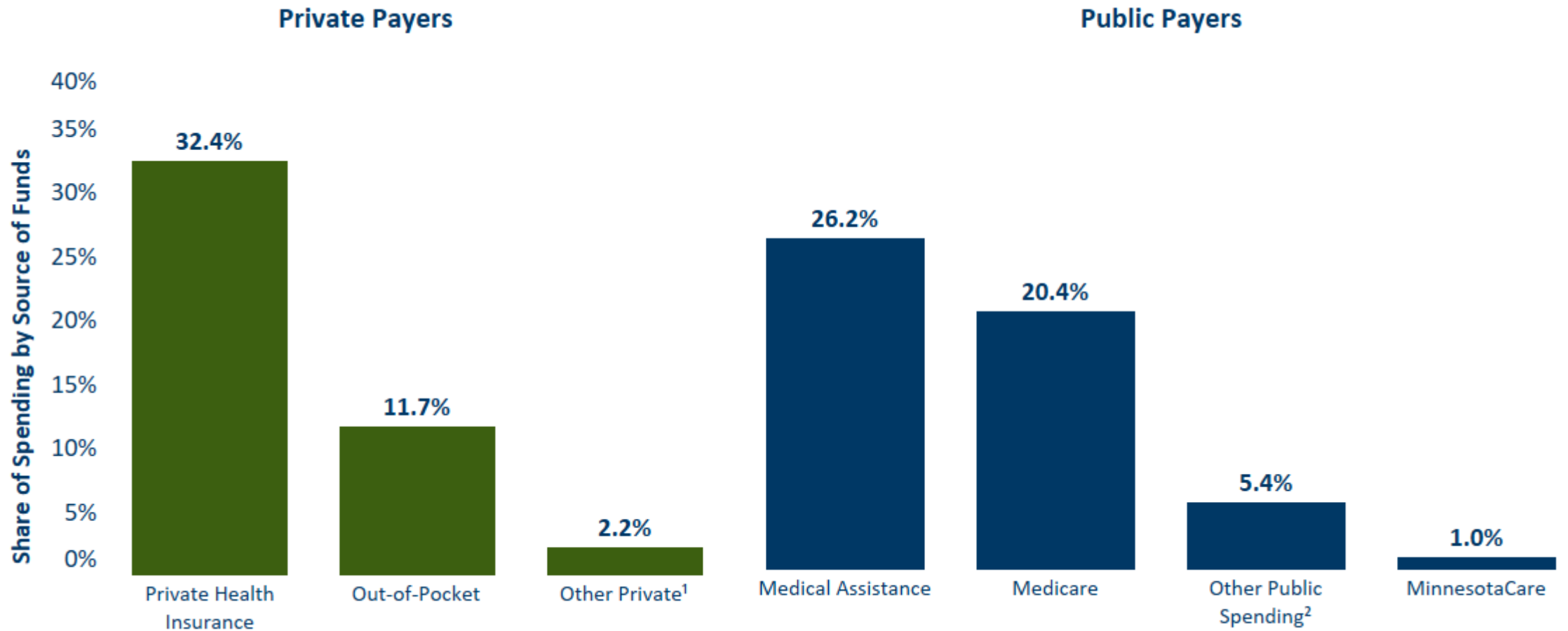


Source: MDH Health Economics Program. Estimates now include private long-term care spending.
[Summary of graph](#)

Minnesota health care spending by source of funds

This section provides details on Minnesota health care spending by the source of funds, and public health care spending by government payer shares.

Minnesota Health Care Spending by Source of Funds, 2022



Source: MDH Health Economics Program. Medical Assistance is Minnesota's Medicaid program.

¹Other major private payers include private workers' compensation and auto medical insurance.

²Major components of other public spending include government workers' compensation, and Veterans Administration.

[Summary of graph](#)

Minnesota Health Spending by Source of Funds

(Millions of Dollars)

Payer	Program	2018	2019	2020	2021	2022	Change from 2021 to 2022
Public	Public Total	\$26,360	\$27,045	\$31,397	\$32,526	\$35,459	9.0%
	Medicare	\$10,982	\$11,569	\$11,464	\$12,566	\$13,661	8.7%
	Medical Assistance	\$12,278	\$12,260	\$13,309	\$14,976	\$17,539	17.1%
	MinnesotaCare	\$438	\$422	\$481	\$606	\$681	12.3%
	Other Public Spending	\$2,663	\$2,794	\$6,144	\$4,378	\$3,578	-18.3%
Private	Private Total	\$27,472	\$29,104	\$28,670	\$30,821	\$31,382	1.8%
	Private Health Insurance	\$20,047	\$21,321	\$21,172	\$22,493	\$22,083	-1.8%
	Out-of-Pocket	\$6,161	\$6,485	\$6,358	\$7,065	\$7,815	10.6%
	Other Private	\$1,264	\$1,298	\$1,140	\$1,262	\$1,484	17.6%
Overall	Total	\$53,832	\$56,149	\$60,067	\$63,347	\$66,841	5.5%

Source: MDH Health Economics Program. Medical Assistance is Minnesota's Medicaid program.

Detail may not sum to total due to rounding. Revisions to historic time series may lead to slight variation from previously published estimates.

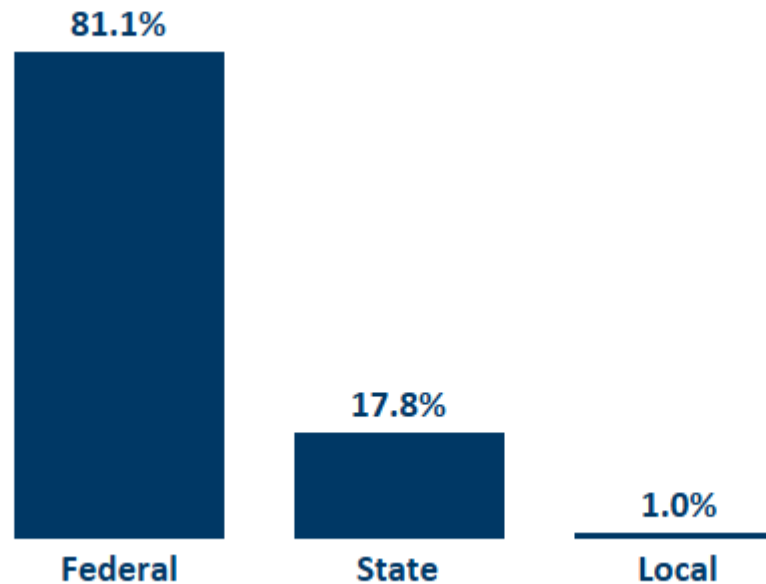
Minnesota Health Spending Distribution by Source of Funds

Payer	Program	2018	2019	2020	2021	2022
Public	Public Total	49.0%	48.2%	52.3%	51.3%	53.0%
	Medicare	20.4%	20.6%	19.1%	19.8%	20.4%
	Medical Assistance	22.8%	21.8%	22.2%	23.6%	26.2%
	MinnesotaCare	0.8%	0.8%	0.8%	1.0%	1.0%
	Other Public Spending	4.9%	5.0%	10.2%	6.9%	5.4%
Private	Private Total	51.0%	51.8%	47.7%	48.7%	47.0%
	Private Health Insurance	37.2%	38.0%	35.2%	35.5%	33.0%
	Out-of-Pocket	11.4%	11.5%	10.6%	11.2%	11.7%
	Other Private	2.3%	2.3%	1.9%	2.0%	2.2%
Overall	Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MDH Health Economics Program. Medical Assistance is Minnesota's Medicaid program.
Detail may not sum to total due to rounding. Revisions to historic time series may lead to slight variation from previously published estimates.

Public Spending for Health Care in Minnesota: Federal, State, and Local Shares, 2022

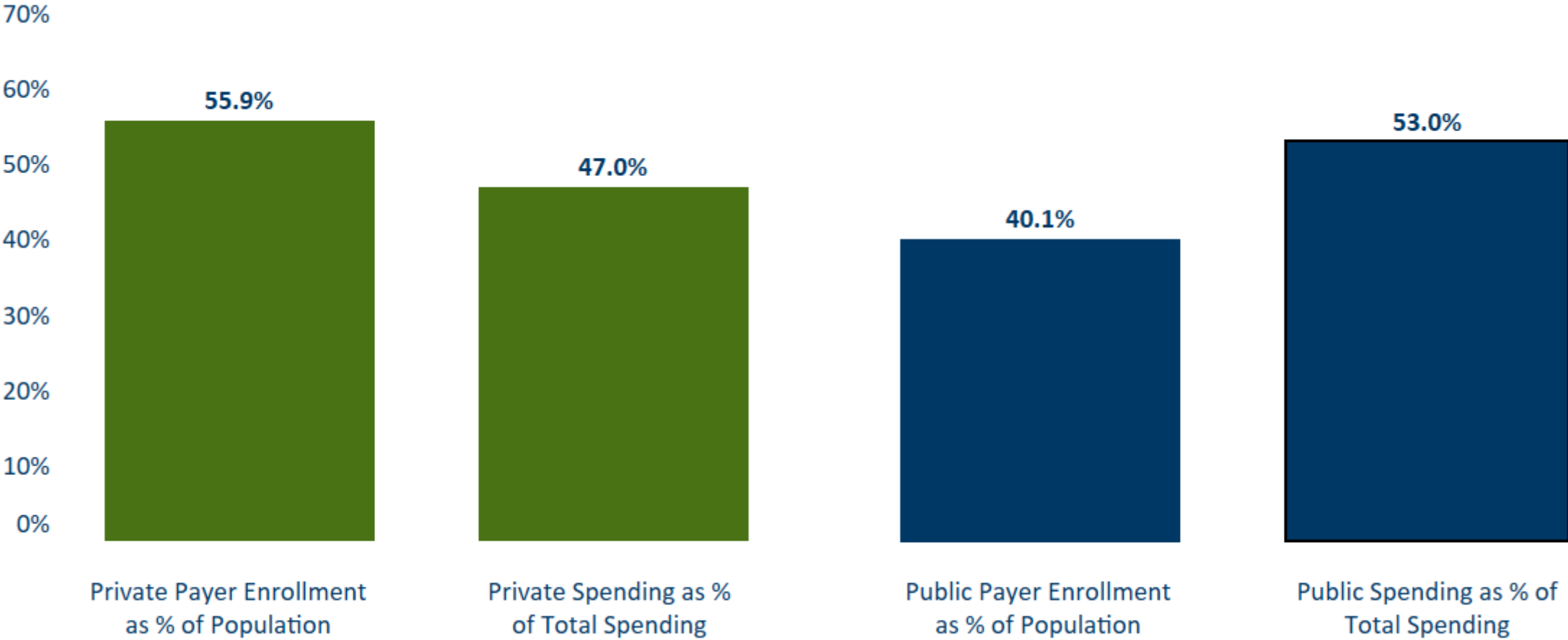
Total Public Spending: \$35.5 Billion



Sources: MDH Health Economics Program; Minnesota Department of Human Services, November 2023 Expenditure Forecast. Spending is based on program payer. Excludes school-based health clinics as funding is variable and comes from external government resources.

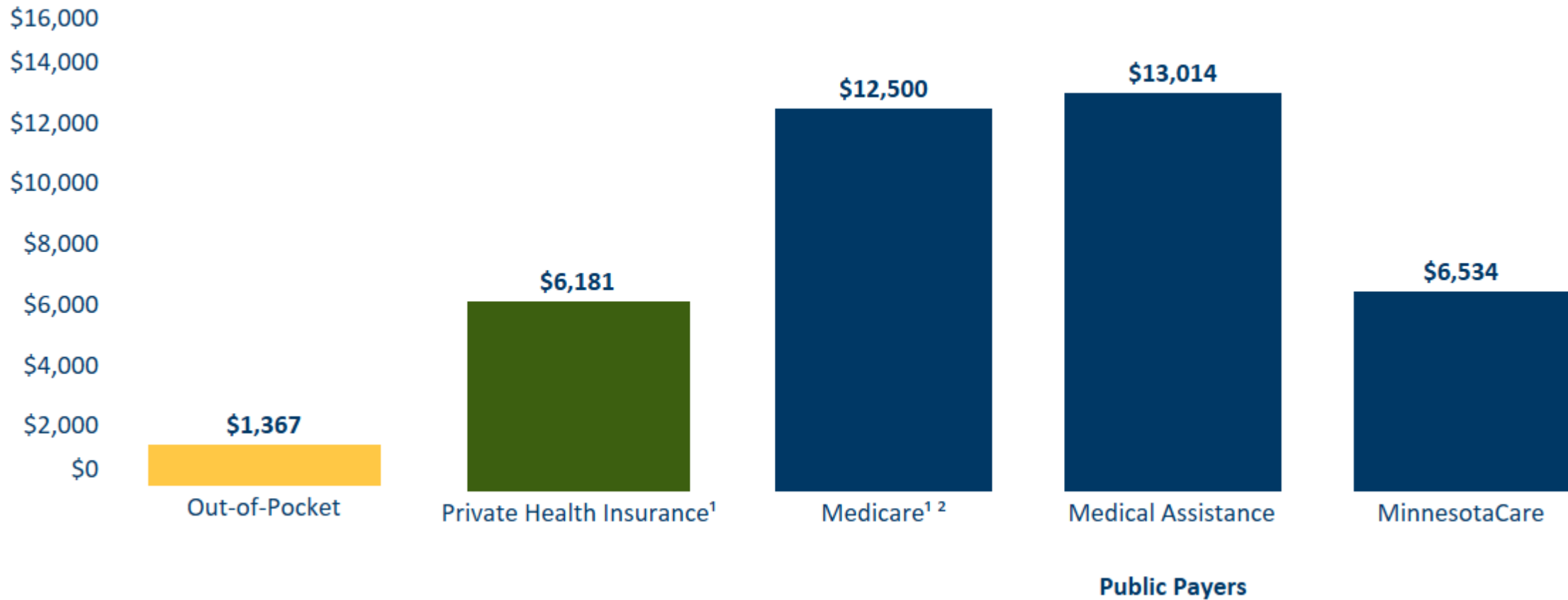
[Summary of graph](#)

Payers' Share of Population vs. Share of Health Care Spending, 2022



Source: MDH Health Economics Program. Enrollment will not sum to 100%.
[Summary of graph](#)

Minnesota Health Care Spending per Person by Payment Source, 2022



Source: MDH Health Economics Program. Individuals with dual coverage are included in each of the respective coverage options.

¹Excludes Medicare Supplement insurance and the privately paid portion of Medicare insurance. In addition, private long-term care insurance is excluded from this measure of private health insurance.

²Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

[Summary of graph](#)

Minnesota Health Care Spending per Person by Payment Source

Payer	Program	2018	2019	2020	2021	2022	Change from 2021 to 2022
Public	Medicare ^{1,2}	\$11,023	\$11,322	\$10,955	\$11,760	\$12,500	6.3%
	Medical Assistance	\$11,097	\$11,414	\$11,890	\$11,990	\$13,014	8.5%
	MinnesotaCare	\$5,247	\$5,557	\$5,872	\$6,025	\$6,534	8.4%
Private	Private Total ³	\$8,399	\$8,653	\$8,473	\$9,428	\$9,821	4.2%
Overall	Total	\$9,602	\$9,956	\$10,520	\$11,091	\$11,691	5.5%

Source: MDH Health Economics Program.

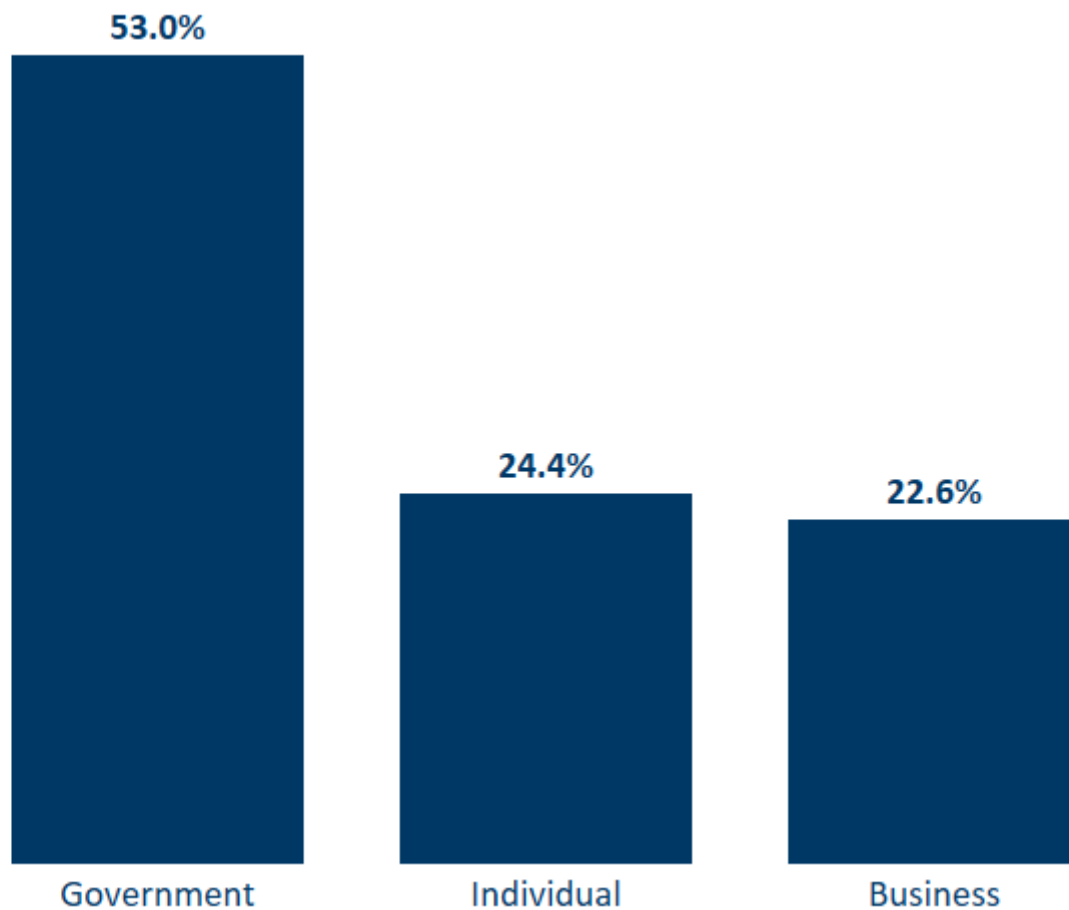
Individuals with dual coverage are included in each of the respective coverage options.

¹Excludes Medicare Supplement insurance.

²Excludes the portion of expenses paid by Medicare Advantage enrollee premiums.

³Includes private health insurance, out-of-pocket expenses, private long-term care insurance, Medicare Supplement insurance, the privately paid portion of Medicare insurance, and other private payer spending (e.g., the medical portion of automobile insurance and private workers' compensation).

Shares of Health Care Spending Paid by Businesses, Government, and Individuals, 2022



Sources: MDH Health Economics Program; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, 2022; Best's Aggregates and Averages (Property/Casualty), 2023 edition. May not total to 100% due to rounding.

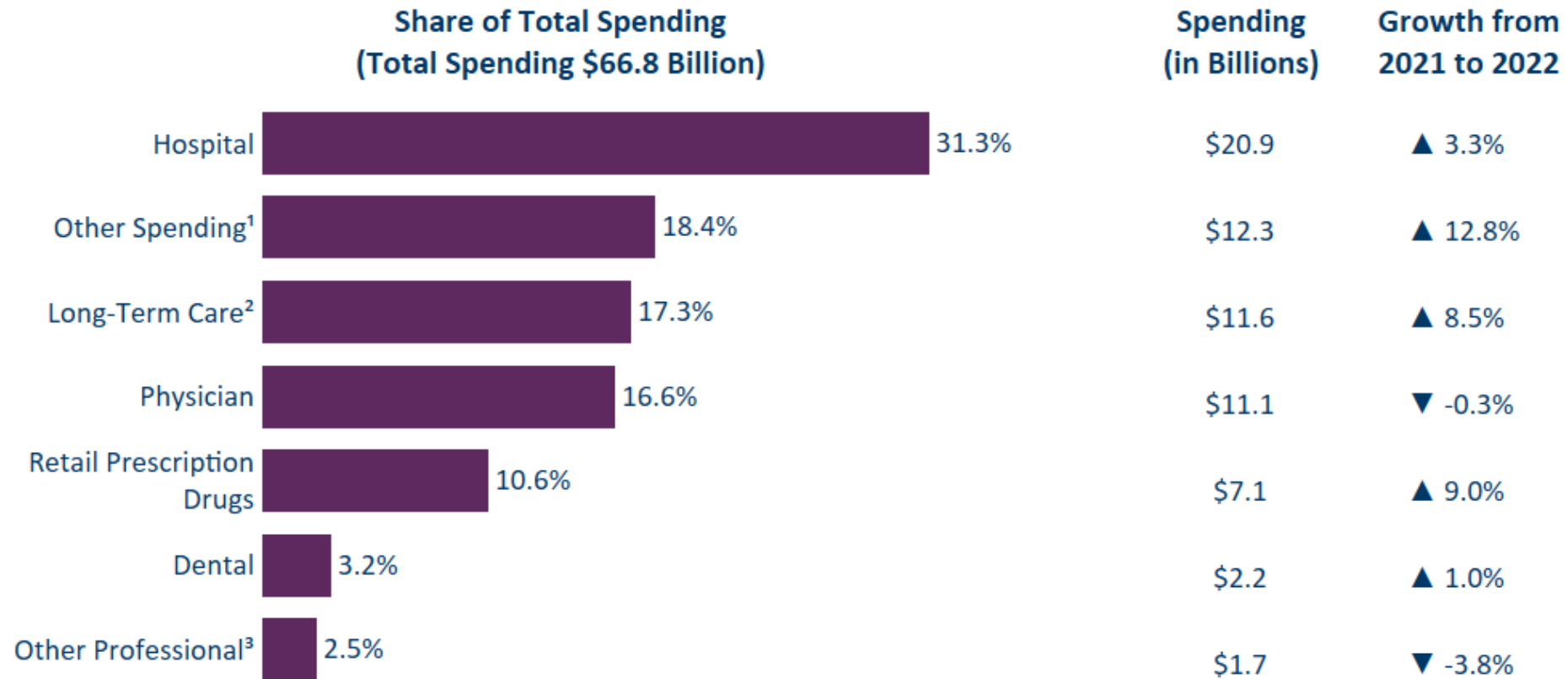
Local and state government employers' health care spending included in business spending.

[Summary of graph](#)

Minnesota health care spending by categories of service

This section provides details on Minnesota health care spending by categories of service and factors accounting for its growth.

Minnesota Health Care Spending by Categories of Service, 2022



Source: MDH Health Economics Program. May not total to 100% due to rounding.

¹Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

²Includes home health care services.

³Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)

Minnesota Health Care Spending by Categories of Service

(Millions of Dollars)

Category of Service	2018	2019	2020	2021	2022
Hospital	\$17,546	\$18,352	\$19,015	\$20,248	\$20,923
Physician Services	\$9,945	\$10,200	\$10,301	\$11,097	\$11,063
Long-Term Care ¹	\$8,775	\$9,245	\$10,561	\$10,663	\$11,571
Retail Prescription Drugs	\$5,424	\$5,659	\$6,132	\$6,503	\$7,090
Dental	\$1,745	\$1,772	\$1,735	\$2,148	\$2,170
Other Professional Services ²	\$1,350	\$1,379	\$1,445	\$1,769	\$1,702
Other Spending ³	\$9,047	\$9,542	\$10,877	\$10,919	\$12,322
Total	\$53,832	\$56,149	\$60,067	\$63,347	\$66,841
Overall growth from previous year	5.5%	4.3%	7.0%	5.5%	5.5%

Source: MDH Health Economics Program.

¹Includes home health care services.

²Includes services provided by health practitioners who are not physicians or dentists.

³Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

Revisions to historic time series may lead to slight variation from previously published estimates.

Minnesota Health Care Spending Distribution by Categories of Service

Category of Service	2018	2019	2020	2021	2022
Hospital	32.6%	32.7%	31.7%	32.0%	31.3%
Physician Services	18.5%	18.2%	17.1%	17.5%	16.6%
Long-Term Care ¹	16.3%	16.5%	17.6%	16.8%	17.3%
Retail Prescription Drugs	10.1%	10.1%	10.2%	10.3%	10.6%
Dental	3.2%	3.2%	2.9%	3.4%	3.2%
Other Professional Services ²	2.5%	2.5%	2.4%	2.8%	2.5%
Other Spending ³	16.8%	17.0%	18.1%	17.2%	18.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MDH Health Economics Program.

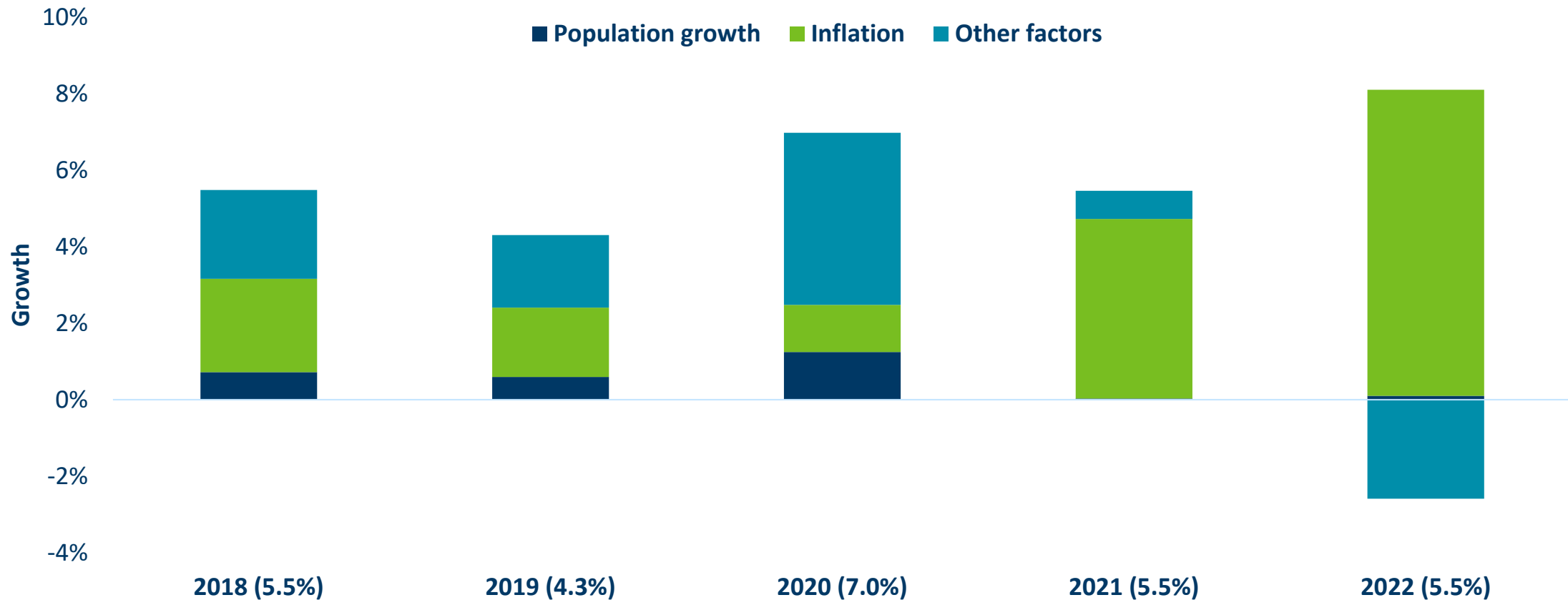
¹Includes home health care services.

²Includes services provided by health practitioners who are not physicians or dentists.

³Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

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Factors Accounting for Health Care Spending Growth in Minnesota



Source: MDH Health Economics Program.

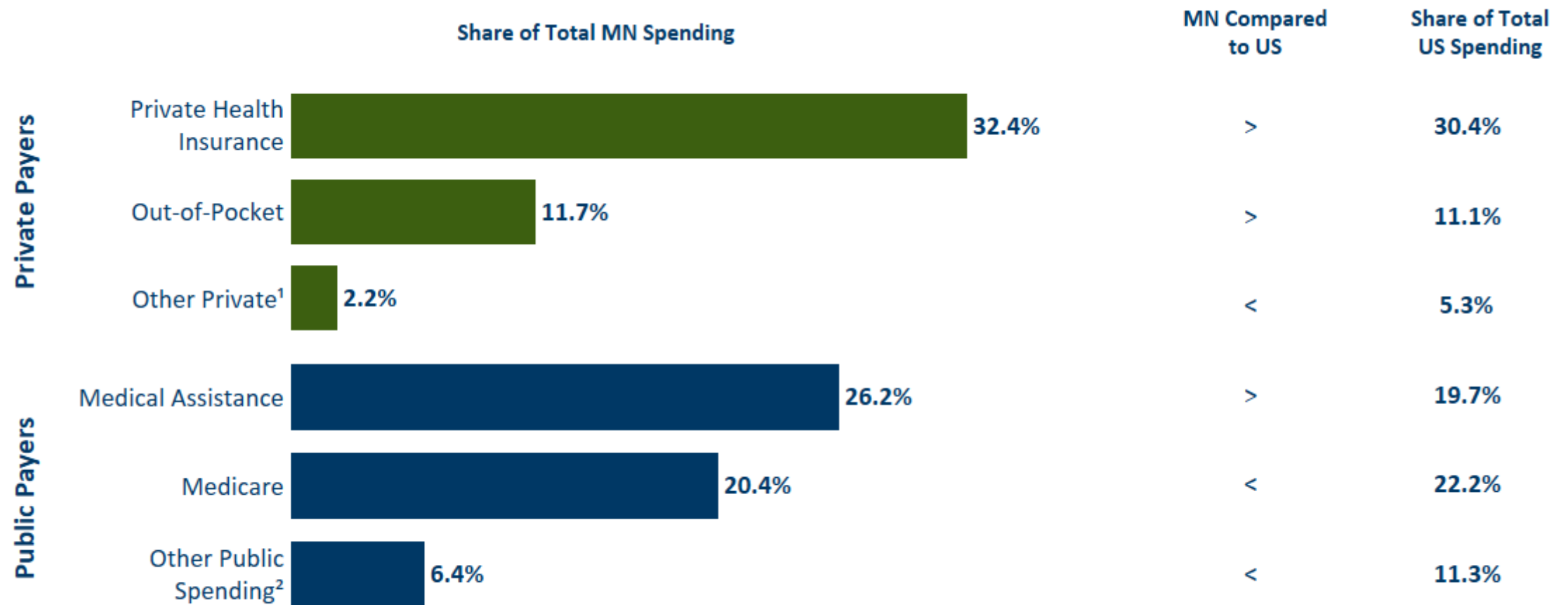
Revisions to historic time series may lead to slight variation from previously published estimates. Where factors are negative, it indicates that the factor helped to limit spending growth.

[Summary of graph](#)

Minnesota and U.S. health care spending comparisons

This section provides comparisons of health care spending between Minnesota and the United States, based on sources of payment, categories of service, per capita spending, and spending as a share of the overall economy.

Minnesota and U.S. Health Care Spending: Where It Came From, 2022



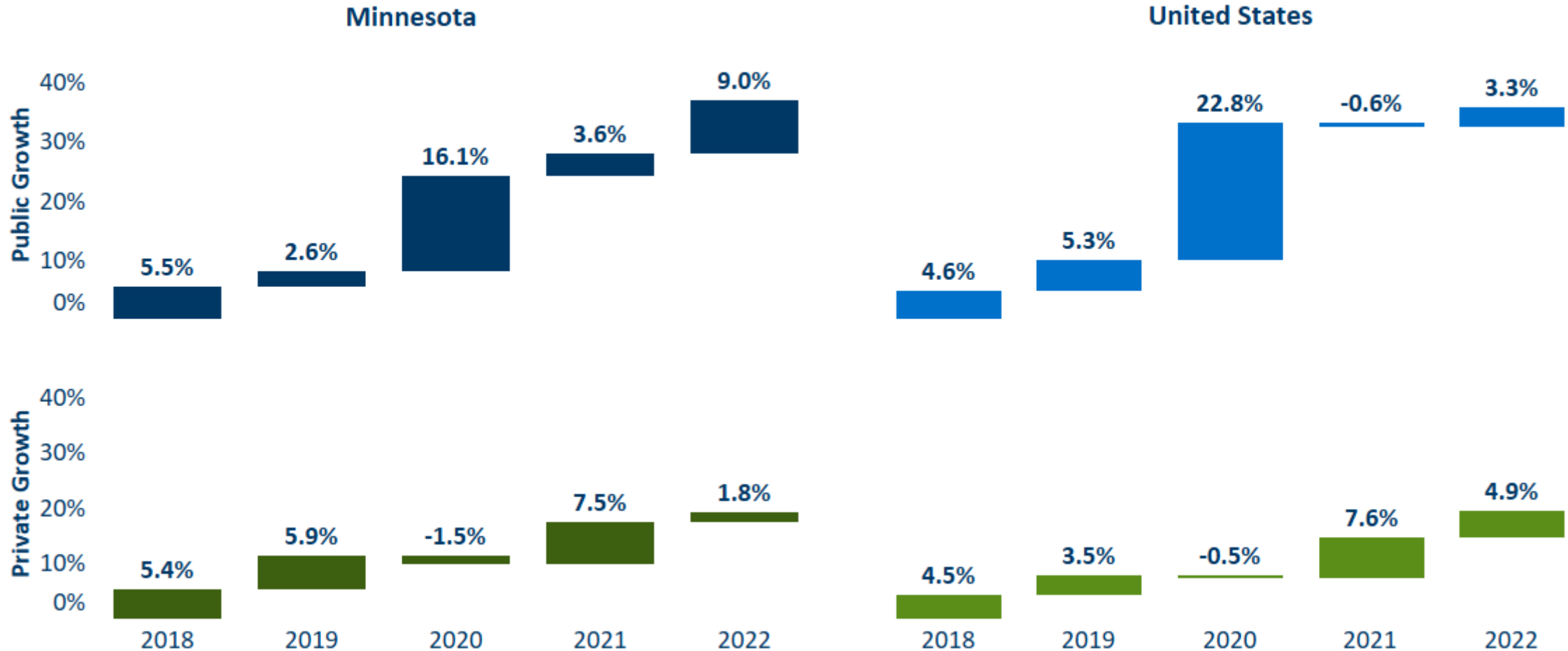
Sources: MDH Health Economics Program; U.S. expenditure data are from the Health Consumption Expenditures estimates of the National Health Expenditure Accounts (NHEA) for 2022.

¹Other major private payers include private workers' compensation and auto medical insurance.

²Major components of other public spending include MinnesotaCare, government workers' compensation, and Veterans Administration.

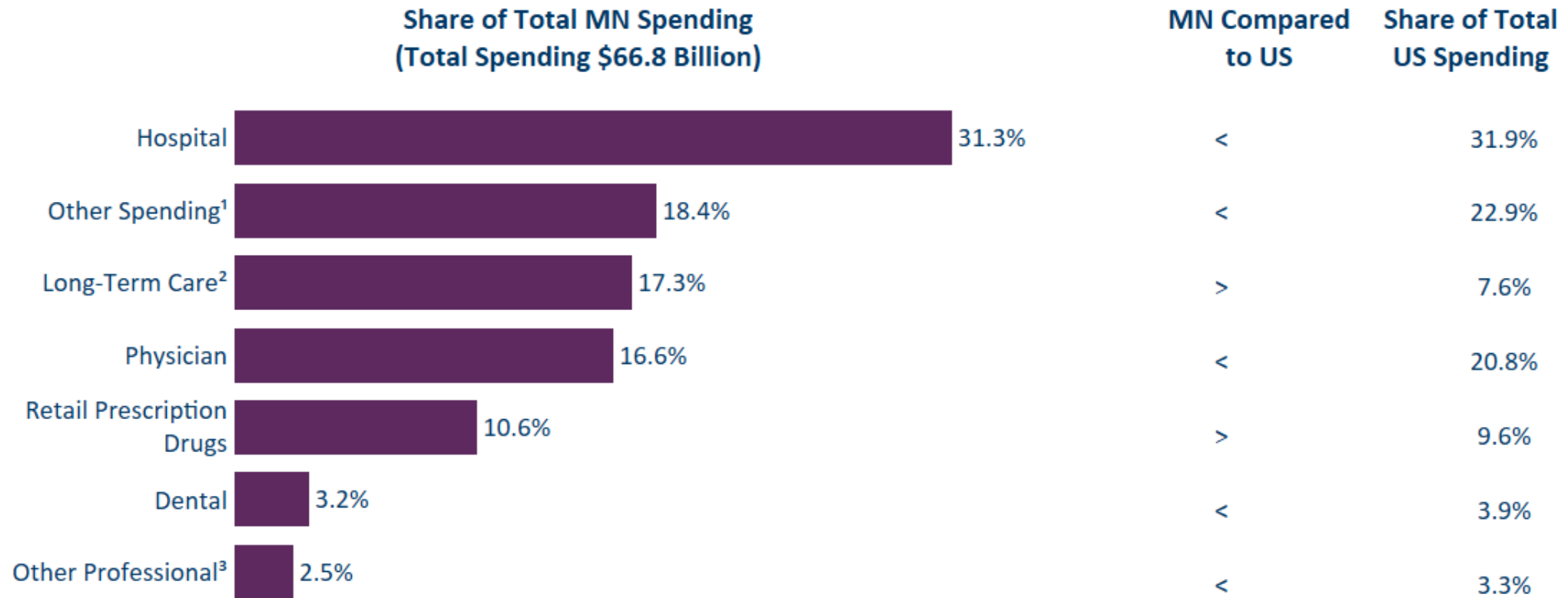
[Summary of graph](#)

Total Minnesota and U.S. Health Care Spending: Annual Growth by Private and Public Payers



Sources: MDH Health Economics Program; U.S. expenditure data are from the Health Consumption Expenditures estimates of the National Health Expenditure Accounts (NHEA) for 2022.
[Summary of graph](#)

Minnesota and U.S. Health Care Spending: Where it Went, 2022



Note: Some spending included in U.S. hospital care is defined as long-term care spending for the Minnesota estimates.

Sources: MDH Health Economics Program; U.S. expenditure data are from the Health Consumption Expenditures estimates of the National Health Expenditure Accounts (NHEA) for 2022.

¹Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

²Includes home health care services.

³Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)

Health Care Spending Per Capita and as a Share of the Economy, Minnesota and U.S.

Per Capita Health Care Spending:

	2018	2019	2020	2021	2022
Minnesota	\$9,602	\$9,956	\$10,520	\$11,091	\$11,691
United States	\$10,443	\$10,853	\$11,952	\$12,293	\$12,742

Health Care Spending as a Share of the Economy:

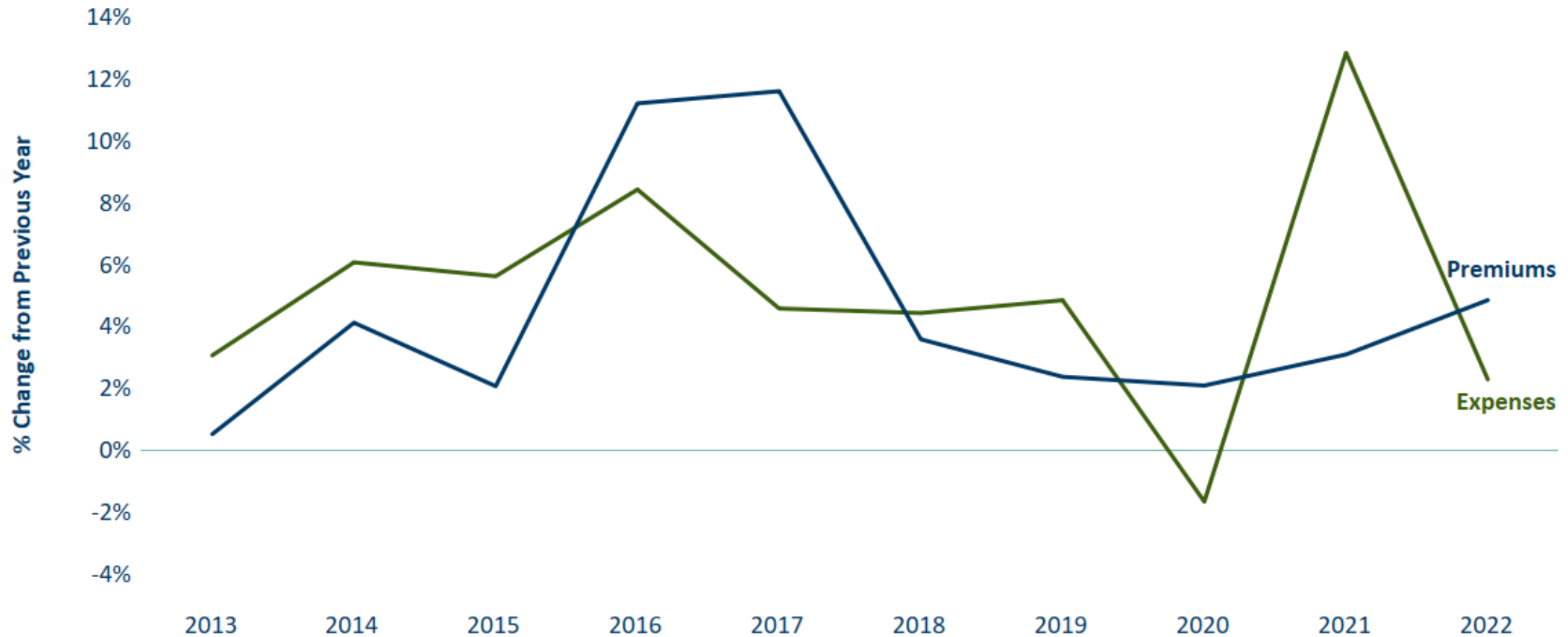
	2018	2019	2020	2021	2022
Minnesota	14.5%	14.6%	15.8%	15.3%	14.9%
United States	16.5%	16.6%	18.6%	17.3%	16.5%

Sources: MDH Health Economics Program; U.S. expenditure data are from the Health Consumption Expenditures estimates of the National Health Expenditure Accounts (NHEA) for 2022; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis updated through September 2023. Revisions to historic time series may lead to slight variation from previously published estimates.

Minnesota private market trends: premiums, spending, and cost drivers

This section provides analysis of fully-insured commercial medical spending based on reports from Minnesota health plan companies. The plans include private health insurance purchased by individuals or employers for Minnesota residents.

Growth in Private Health Insurance Premiums and Health Care Spending, Per Enrollee



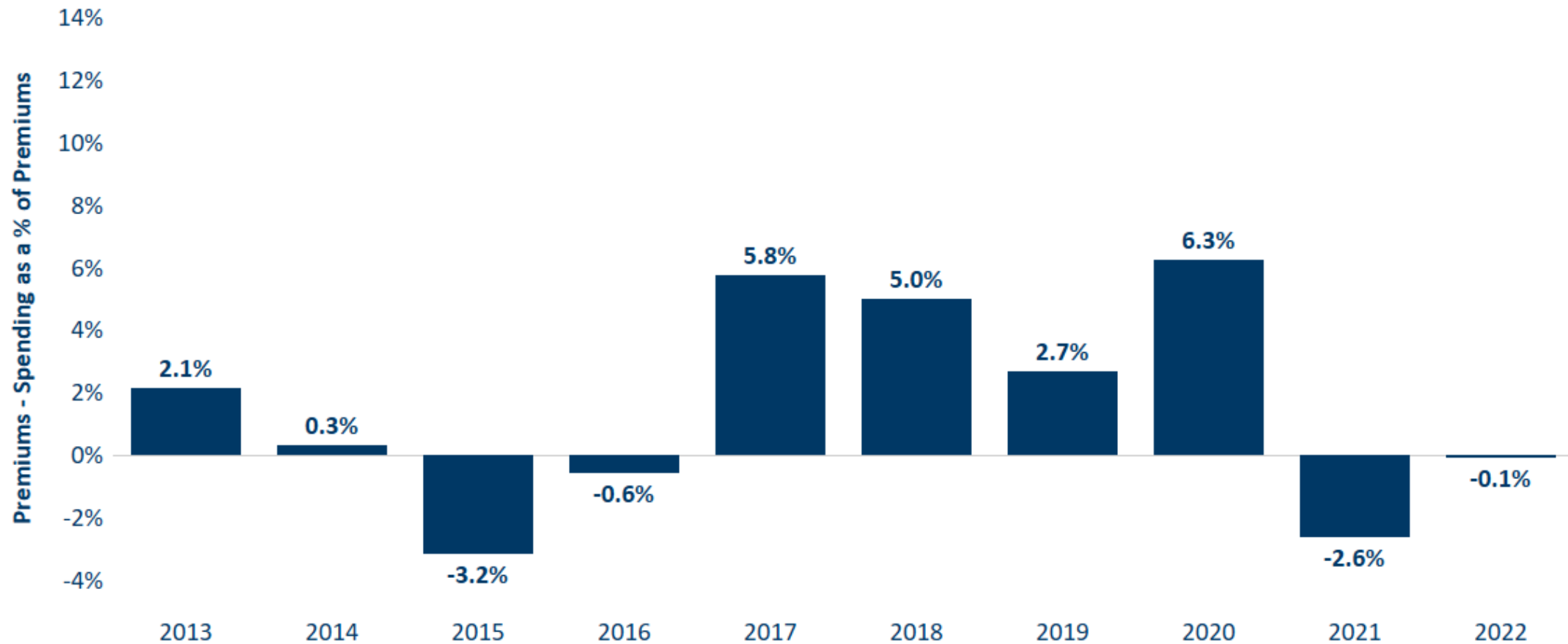
Fully-insured commercial market only.

Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies. Expenses are based on health plan company expenses and exclude member liability.

Revisions to historic time series may lead to slight variation from previously published estimates.

[Summary of graph](#)

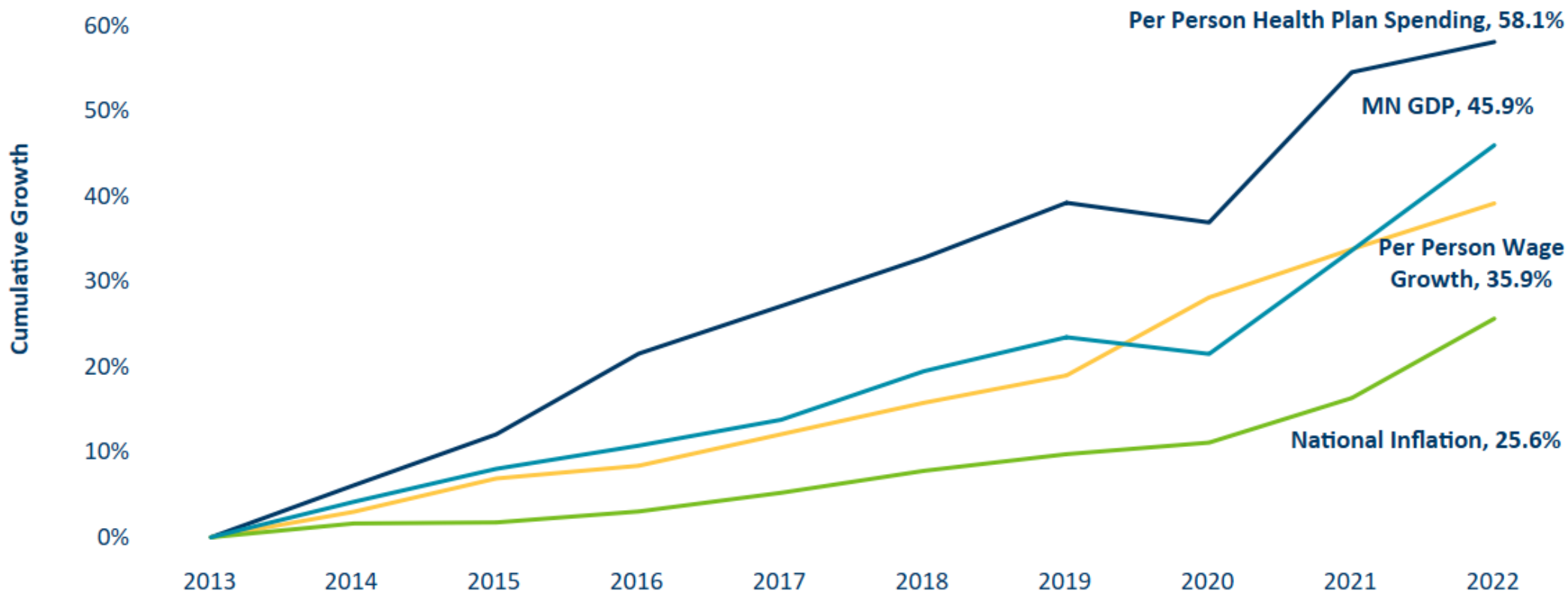
Difference Between Per-Person Premiums and Spending as a Percent of Revenue



Fully-insured commercial market only. A positive number indicates that premiums were higher than spending, and a negative number indicates that spending was higher than premiums. Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies. Spending is based on health plan company expenses and excludes member liability. Revisions to historic time series may lead to slight variation from previously published estimates.

[Summary of graph](#)

Cumulative Growth in Key Minnesota Health Care Cost and Economic Indicators



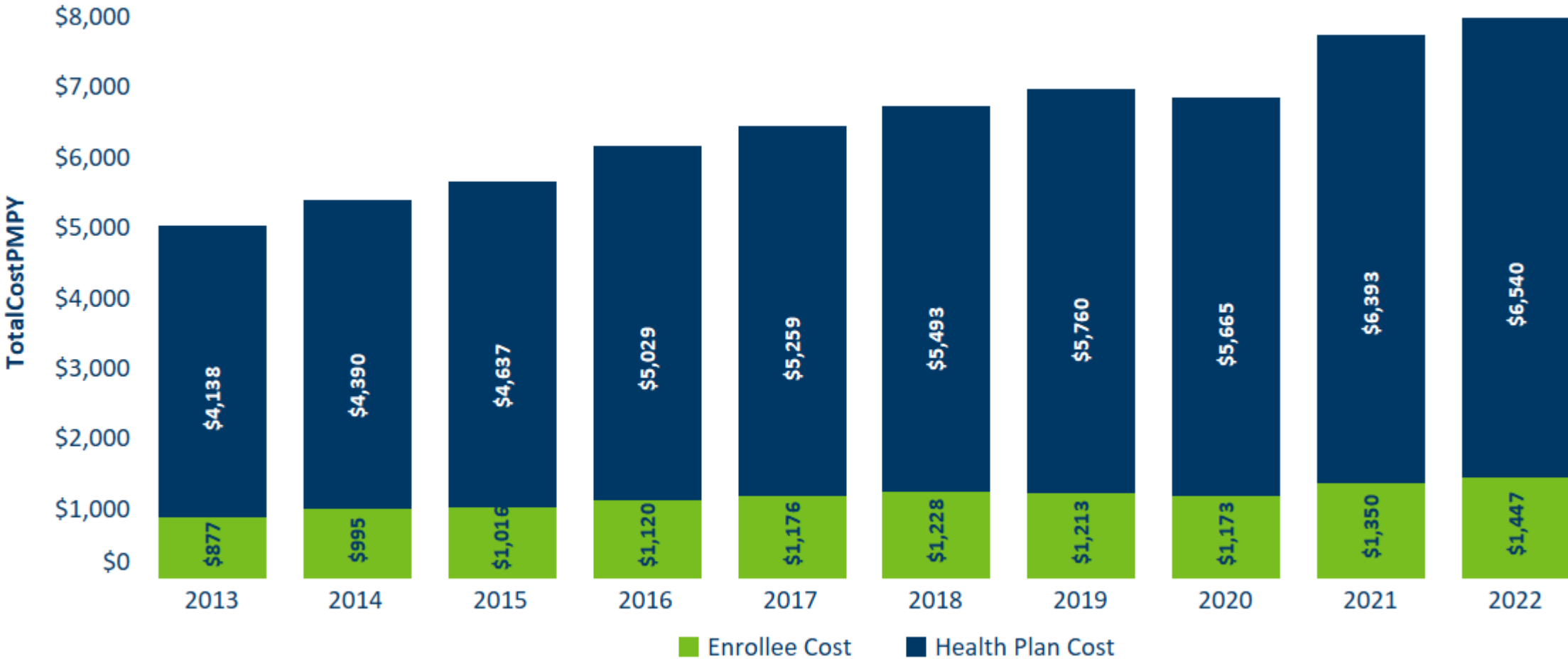
Health care spending is Minnesota fully-insured commercial spending per person and does not include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Fully-insured commercial market only.

Sources: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies; Gross State Product (MN GDP) from U.S. Department of Commerce, Bureau of Economic Analysis; Consumer Price Index (All Urban Consumers (CPI-U), U.S. City Average), as of October 2, 2024; per-person wage growth from Minnesota Department of Employment and Economic Development as of October 2, 2024.

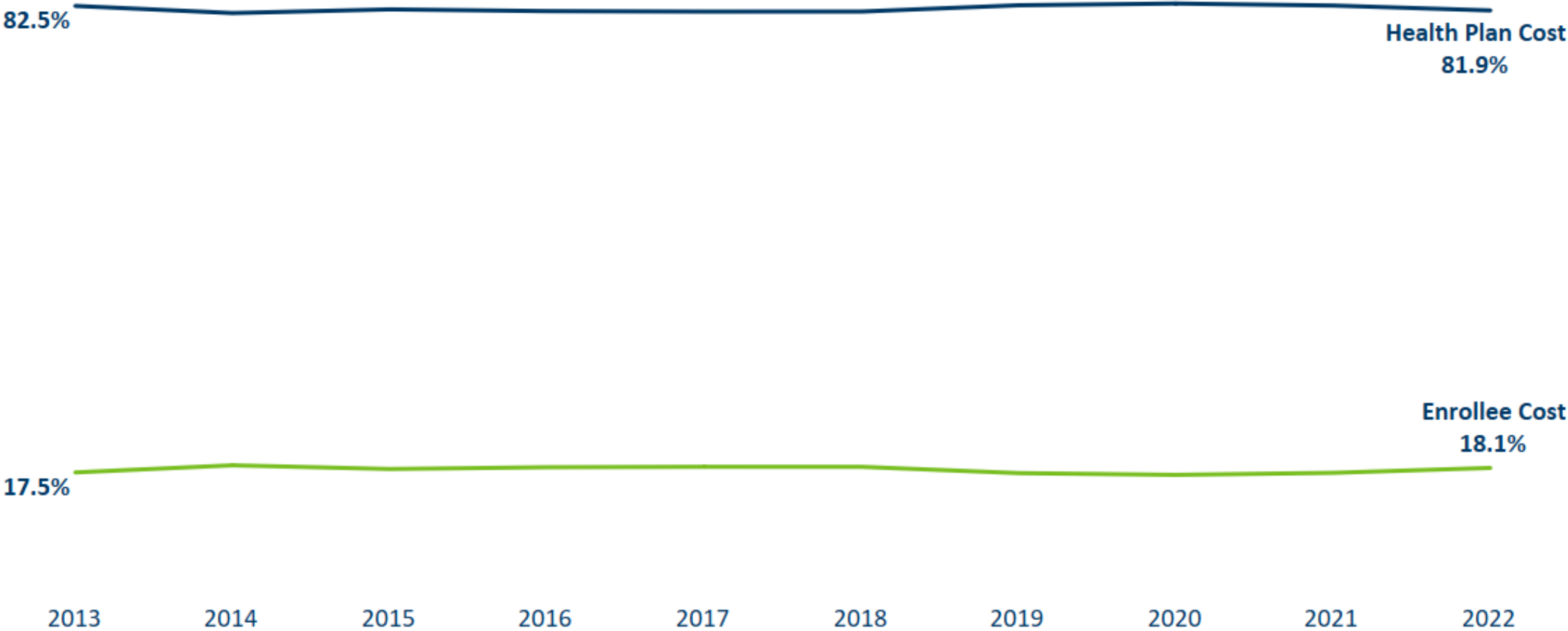
[Summary of graph](#)

Total Health Care Cost Per Person, by Health Plan & Enrollee Cost



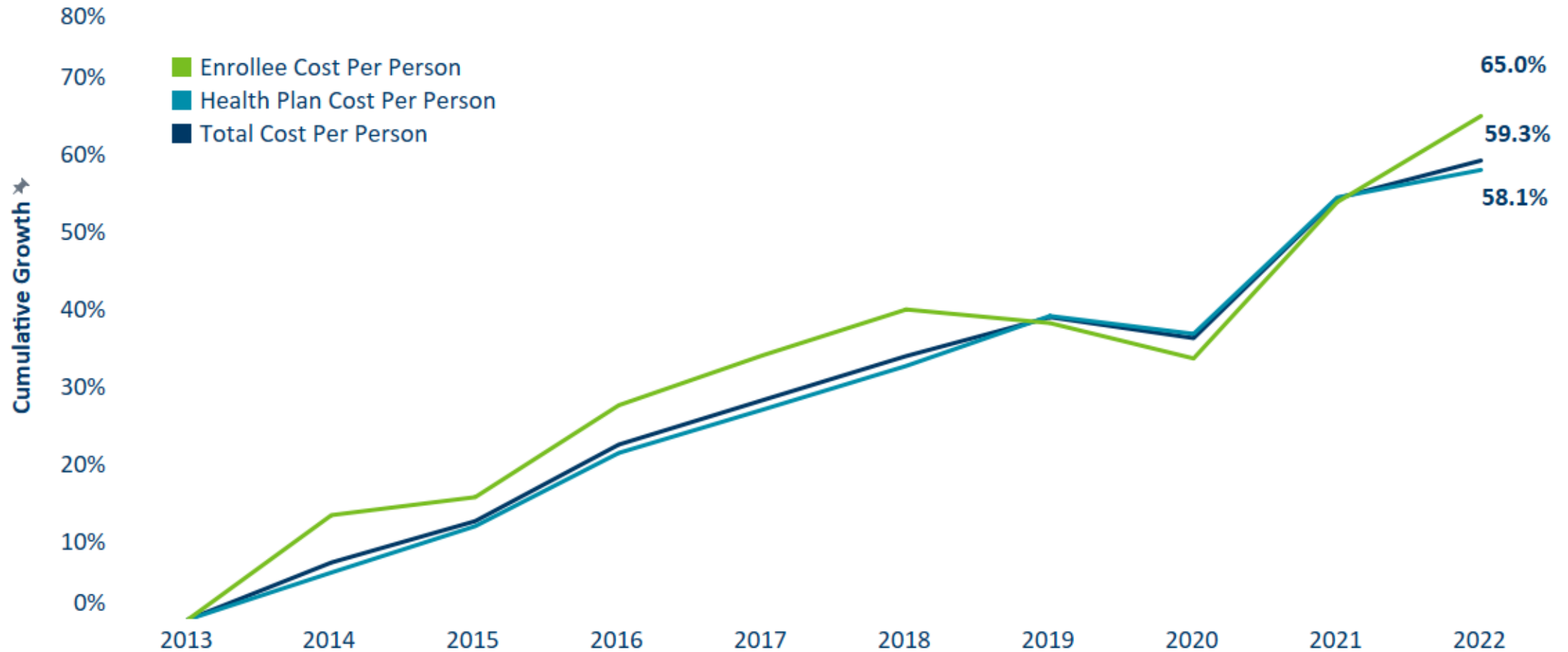
Fully-insured commercial market only.
 Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.
 Revisions to historic time series may lead to slight variation from previously published estimates.
[Summary of graph](#)

Percent of Private Health Insurance Costs Covered by Health Plans, Fully Insured Market



Fully-insured commercial market only.
Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.
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[Summary of graph](#)

Cumulative Growth in Total Health Care Costs Per Person, by Health Plan & Enrollee Costs



Fully-insured commercial market only.

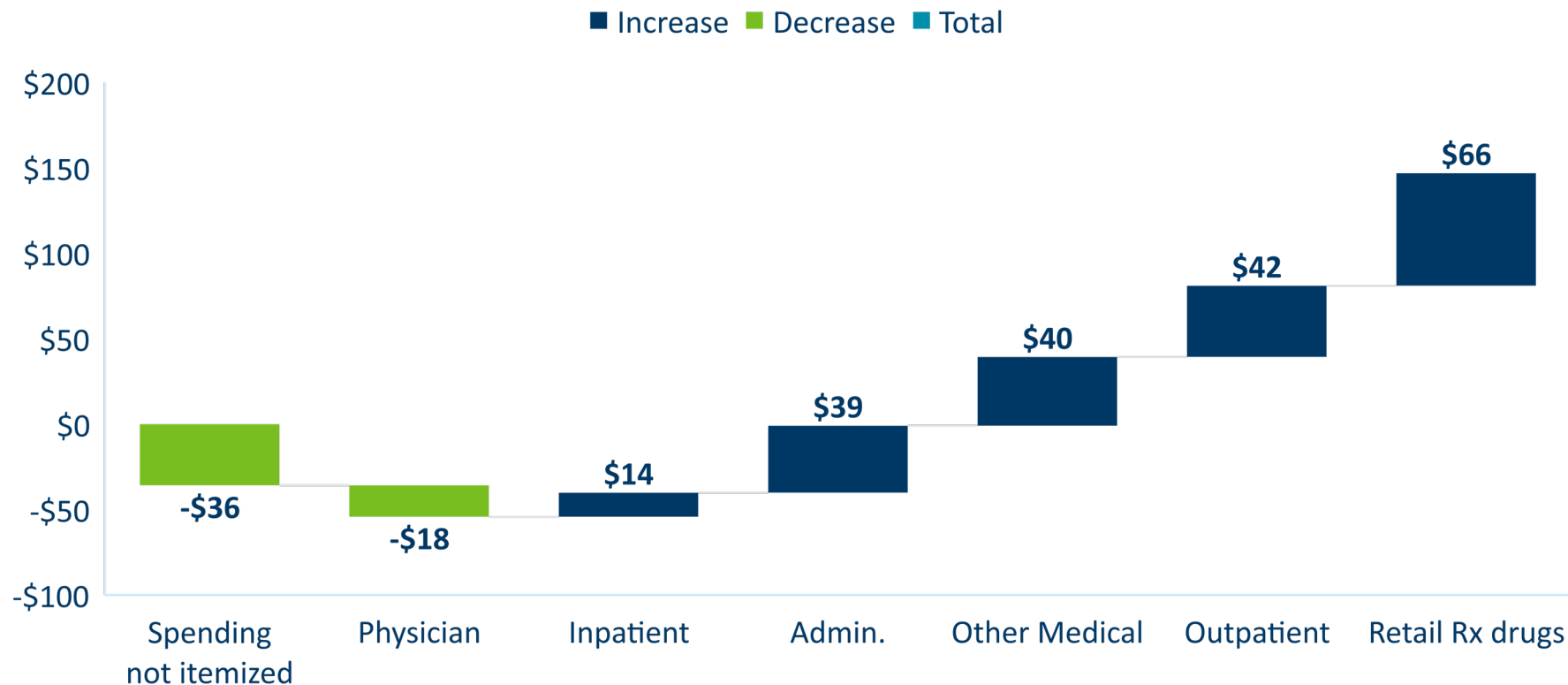
Source: MDH Health Economics Program, analysis of annual medical-only reports from health plan companies.

Revisions to historic time series may lead to slight variation from previously published estimates.

[Summary of graph](#)

Health Care Cost Drivers: Per Member Per Year Spending, 2021 to 2022

Change in Per Member Per Year Spending 2021 to 2022



- Total health care spending per member per year increased 2.3%, or \$147, to \$6,540.
- Most categories of service experienced growth, with the largest contributors to growth being retail prescription drugs, outpatient hospital services, and other medical services.

Note: Growth rates calculated as annual growth per person over a one-year period. "Other medical" includes skilled nursing facilities, home health care, services of health professionals other than physicians and dentists, durable medical goods, and chemical dependency/mental health. Emergency services are included in the outpatient category.

Fully-insured commercial market only. This analysis may differ from other data reporting due to use of different data sources.

Source: MDH Health Economics Program, analysis of annual fully-insured medical-only reports from health plan companies.

[Summary of graph](#)

Additional Information from the Health Economics Program Available Online

- Health Economics Program Home Page
(<https://www.health.state.mn.us/healthconomics>)
- Publications (<https://heppublications.web.health.state.mn.us/>)
- Health Care Market Statistics (Chartbook Updates)
(<https://www.health.state.mn.us/data/economics/chartbook/index.html>)

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