

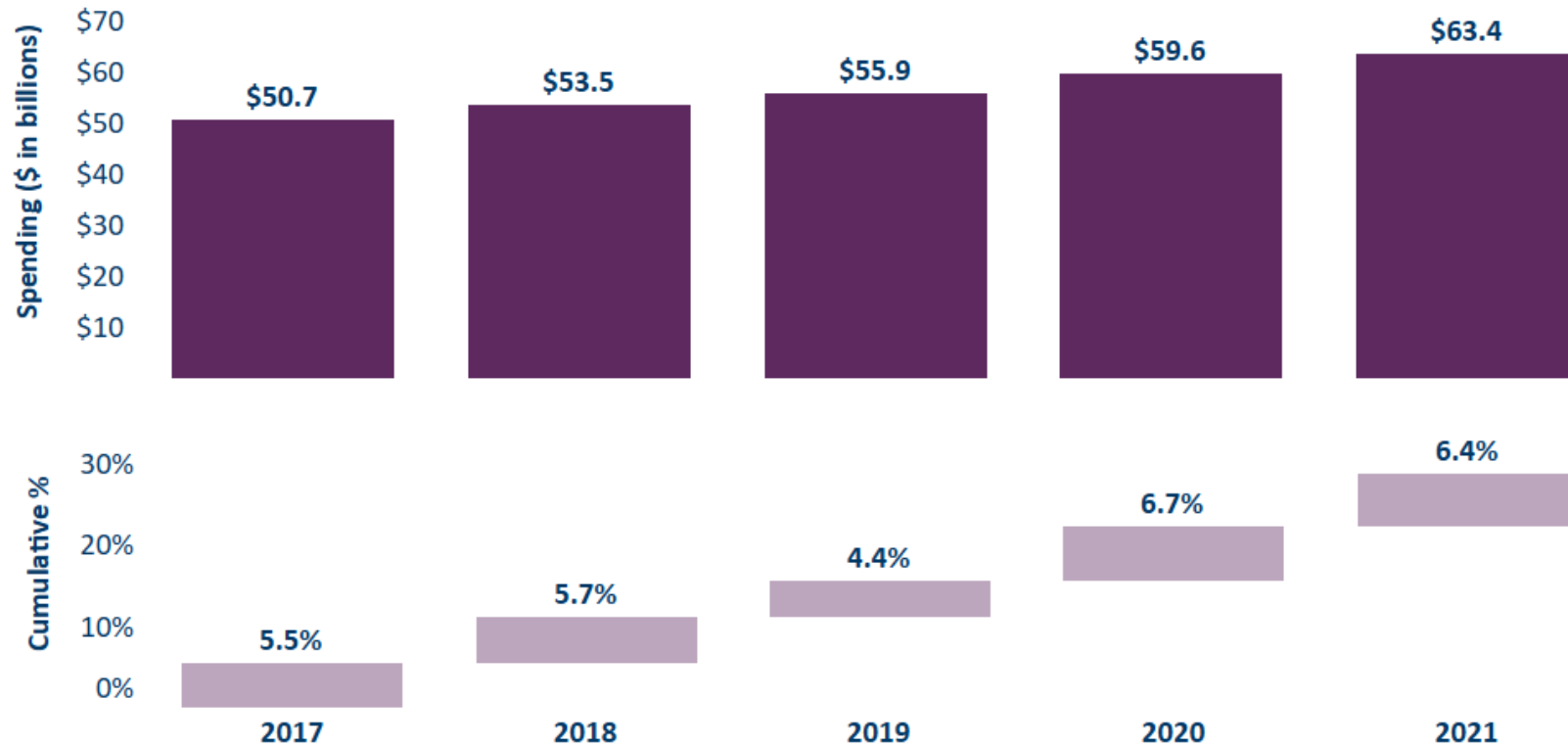


# Minnesota Health Care Spending Trends, 2017 – 2021: A Data Short Take

October 2024

# Total Spending

# Total Health Care Spending for Minnesota Residents



- Health care spending growth has exceeded 5% in four out of the past five years.
- The 2021 growth rate (6.4%) was slightly lower than the previous year (6.7%), with reduced spending related to decreased COVID-19 pandemic support spending.

Source: MDH Health Economics Program.

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

## Per Capita Health Care Spending:

	2017	2018	2019	2020	2021
Minnesota	\$9,102	\$9,549	\$9,906	\$10,448	\$11,114
United States	\$10,049	\$10,452	\$10,856	\$11,916	\$12,197

## Health Care Spending as a Share of the Economy:

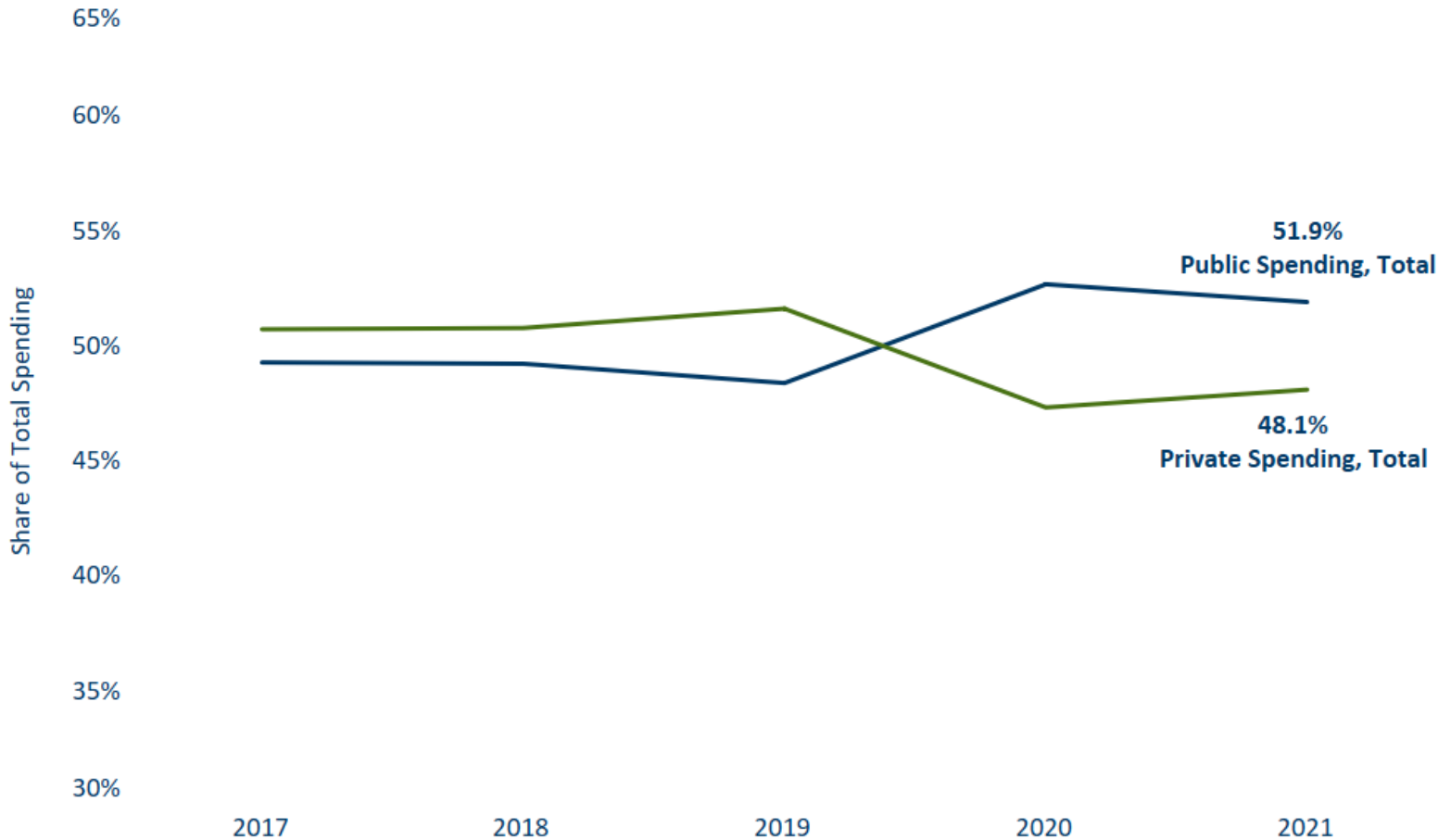
	2017	2018	2019	2020	2021
Minnesota	14.3%	14.4%	14.6%	15.8%	15.4%
United States	16.8%	16.6%	16.7%	18.8%	17.4%

- Minnesota **per capita** spending remained more than \$1,000 below national levels.
- Health care spending **as a portion of the state's economy** decreased in 2021 to 15.4% after increasing to 15.8% in 2020.
- The **gap** between the Minnesota and US share of the economy spent on health care fell to the lowest level in 2021.

Sources: MDH Health Economics Program; U.S. expenditure data are from the Personal Health Care estimates of the National Health Expenditure Accounts (NHEA) for 2021; Gross Domestic Product from U.S. Department of Commerce: Bureau of Economic Analysis updated through November 2022. Revisions to historic time series may lead to slight variation from previously published estimates.

# Spending by Payers

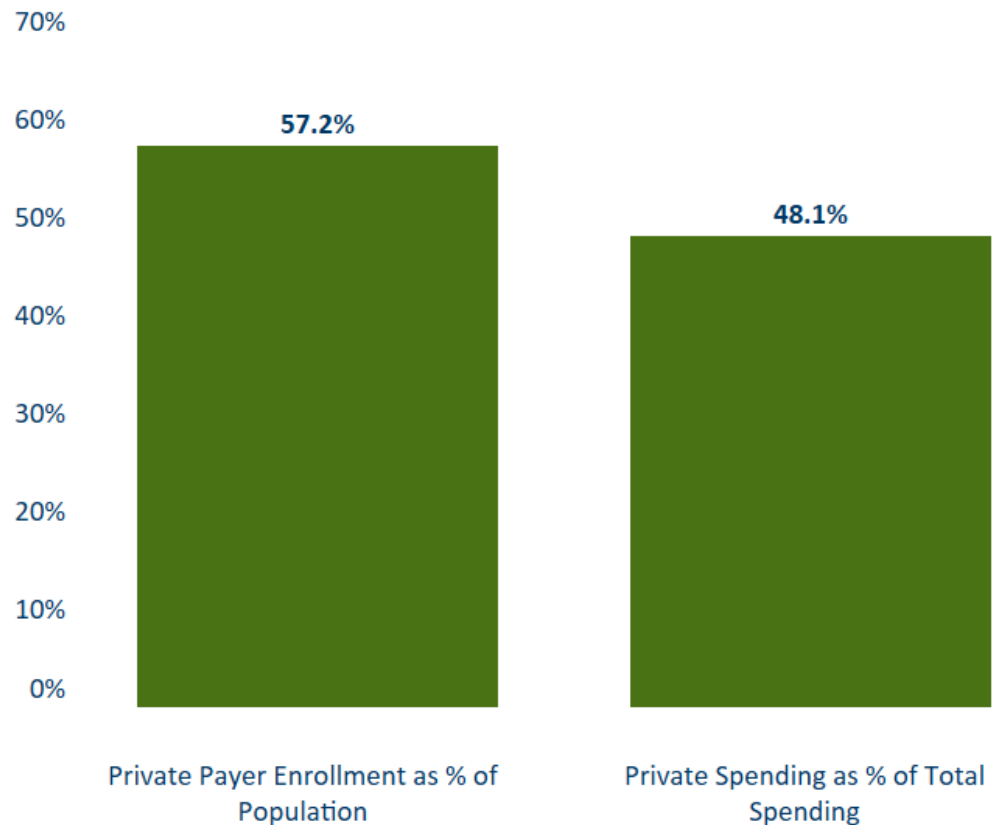
# Share of Private and Public Spending



- Private spending grew 8.1% in 2021, due to factors such as higher utilization and inflation.
- Public spending grew 4.8% in 2021, with enrollment increases, offsetting declines in pandemic support.
- Private spending again represented less than half (48.1%) of total health care spending in 2021.

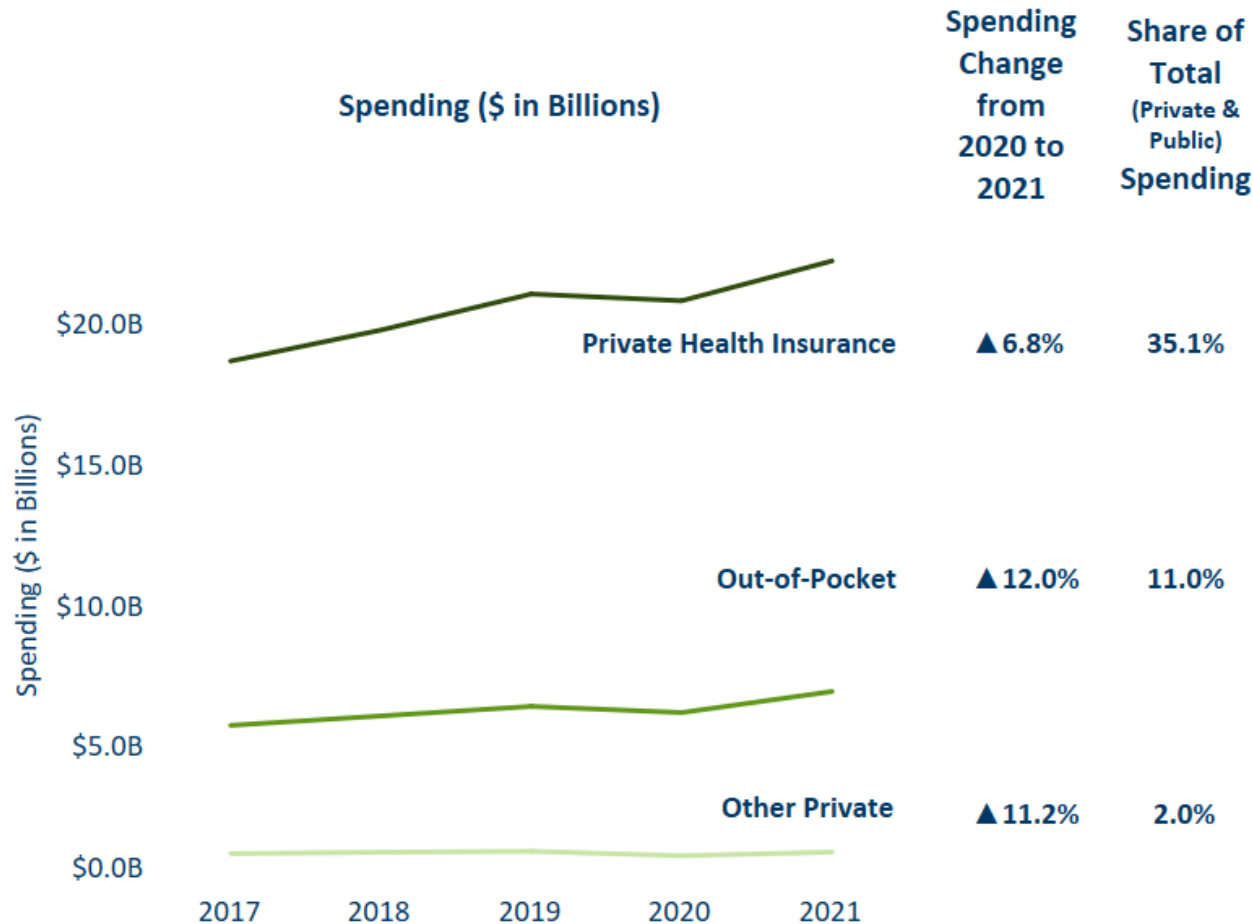
Source: MDH Health Economics Program. Public spending includes Medicare, Medical Assistance, MinnesotaCare, and other public spending. Private spending includes private health insurance, out-of-pocket spending, and other private spending.

# Private Insurance Enrollment and Spending, 2021



- Most Minnesotans (57.2%) are enrolled in private health insurance plans; however, spending on their health care represented less than half (48.1%) of total spending.
- Private health insurance enrollment decreased 3.4% in 2021.
  - In early 2021, the labor market was only beginning to recover.
  - There was steady enrollment growth in Medicare and higher enrollment growth in Medical Assistance and MinnesotaCare.

# Trends in Private Spending and Share of Total Spending (\$ Billions)

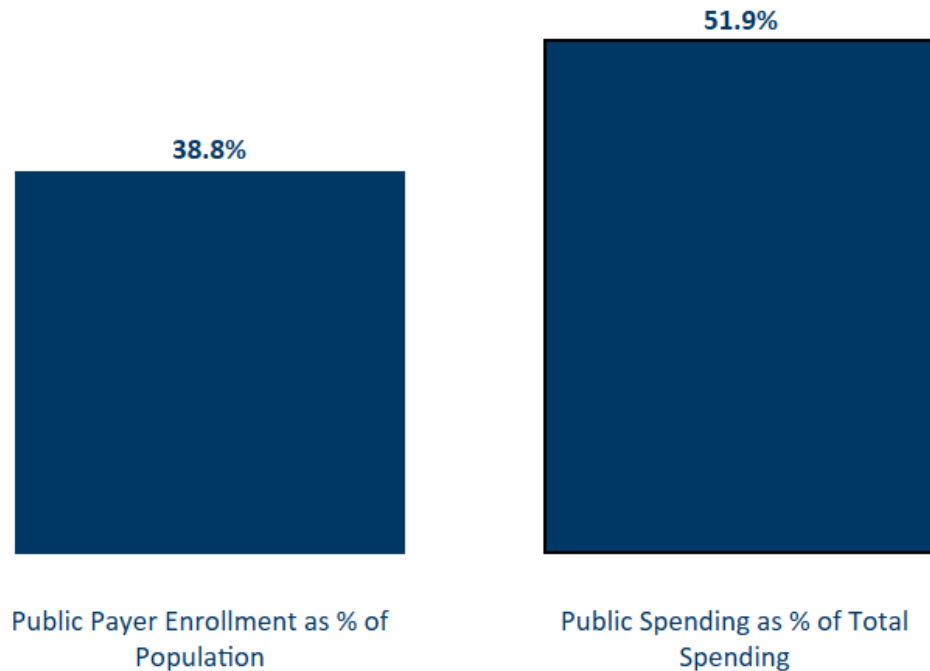


- Increases in private health insurance spending in 2021 were driven by hospital and physician spending, impacted by increased utilization, other factors (such as prices), and inflation.
- Out-of-pocket spending—a component of private spending—was 8.2% higher than in 2019, reaching nearly \$7 billion.

Source: MDH Health Economics Program.

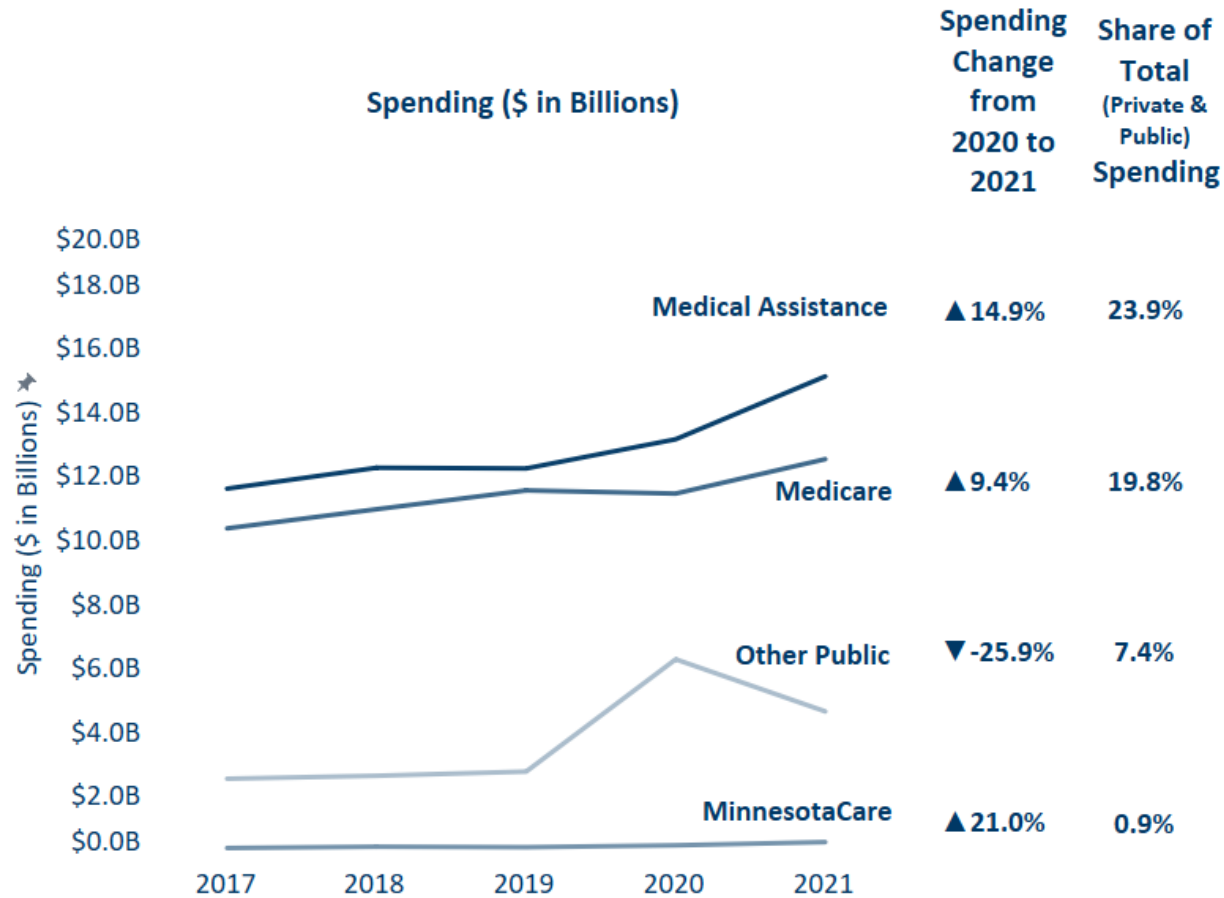


# Public Insurance Enrollment and Spending, 2021



- Although only 38.8% of Minnesotans were enrolled in public health insurance programs in 2021, spending on their health care represented more than half (51.9%) of total spending.
- Enrollment in Medical Assistance and MinnesotaCare increased due to federal provisions guaranteeing continuous coverage (without recertification).
- Public payers, such as Medicare and Medicaid, cover many individuals who have higher health care needs because of age or health conditions.

# Trends in Public Spending and Share of Total Spending (\$ Billions)



Source: MDH Health Economics Program.

- Medical Assistance, MinnesotaCare, and Medicare grew \$3.1 billion, offset by a \$1.6 billion decrease in other public sources (such as the Veterans Affairs, TRICARE, government workers' compensation, and others)
- Most of the decline was associated with lower COVID-19 pandemic spending than in 2020.
- For Medical Assistance and MinnesotaCare, enrollment was the primary driver of increased spending, while for Medicare it was inflation.
- The net increase in public health care spending in 2021 was \$1.5 billion, after a \$4.4 billion increase the previous year.

# Minnesota Health Spending by Source of Funds

(Millions of Dollars)

Payer	Program	2017	2018	2019	2020	2021	Change from 2020 to 2021
<b>Public</b>	<b>Public Total</b>	<b>\$24,965</b>	<b>\$26,351</b>	<b>\$27,031</b>	<b>\$31,412</b>	<b>\$32,925</b>	<b>4.8%</b>
	Medicare	\$10,383	\$10,982	\$11,570	\$11,470	\$12,546	9.4%
	Medical Assistance	\$11,624	\$12,277	\$12,255	\$13,167	\$15,132	14.9%
	Other Public Spending	\$2,958	\$3,092	\$3,207	\$6,774	\$5,247	-22.5%
<b>Private</b>	<b>Private Total</b>	<b>\$25,697</b>	<b>\$27,182</b>	<b>\$28,837</b>	<b>\$28,218</b>	<b>\$30,509</b>	<b>8.1%</b>
	Private Health Insurance	\$18,710	\$19,811	\$21,093	\$20,852	\$22,267	6.8%
	Out-of-Pocket	\$5,771	\$6,107	\$6,446	\$6,226	\$6,974	12.0%
	Other Private	\$1,215	\$1,264	\$1,298	\$1,141	\$1,268	11.2%
<b>Overall</b>	<b>Total</b>	<b>\$50,662</b>	<b>\$53,533</b>	<b>\$55,869</b>	<b>\$59,630</b>	<b>\$63,434</b>	<b>6.4%</b>

Source: MDH Health Economics Program.

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

# Distribution of Minnesota Health Spending by Source of Funds

Payer	Program	2017	2018	2019	2020	2021
<b>Public</b>	<b>Public Total</b>	<b>49.3%</b>	<b>49.2%</b>	<b>48.4%</b>	<b>52.7%</b>	<b>51.9%</b>
	Medicare	20.5%	20.5%	20.7%	19.2%	19.8%
	Medical Assistance	22.9%	22.9%	21.9%	22.1%	23.9%
	Other Public Spending	5.8%	5.8%	5.7%	11.4%	8.3%
<b>Private</b>	<b>Private Total</b>	<b>50.7%</b>	<b>50.8%</b>	<b>51.6%</b>	<b>47.3%</b>	<b>48.1%</b>
	Private Health Insurance	36.9%	37.0%	37.8%	35.0%	35.1%
	Out-of-Pocket	11.4%	11.4%	11.5%	10.4%	11.0%
	Other Private	2.4%	2.4%	2.3%	1.9%	2.0%
<b>Overall</b>	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: MDH Health Economics Program.

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# Spending by Categories of Service

# Health Care Spending by Categories of Service

Category of Service	2017	2018	2019	2020	2021
Hospital	\$16,807	\$17,539	\$18,163	\$18,759	\$19,985
Physician Services	\$9,296	\$9,940	\$10,404	\$10,534	\$11,343
Long-Term Care <sup>1</sup>	\$7,852	\$8,471	\$8,927	\$10,136	\$10,245
Other Spending <sup>2</sup>	\$6,118	\$6,484	\$6,772	\$7,533	\$8,820
Retail Prescription Drugs	\$5,371	\$5,440	\$5,681	\$6,131	\$6,528
Non-Medical Spending <sup>3</sup>	\$2,283	\$2,564	\$2,766	\$3,369	\$2,601
Dental	\$1,660	\$1,745	\$1,776	\$1,729	\$2,132
Other Professional Services <sup>4</sup>	\$1,276	\$1,350	\$1,380	\$1,439	\$1,781
<b>Total</b>	<b>\$50,662</b>	<b>\$53,533</b>	<b>\$55,869</b>	<b>\$59,630</b>	<b>\$63,434</b>
<b>Growth from previous year</b>	<b>5.5%</b>	<b>5.7%</b>	<b>4.4%</b>	<b>6.7%</b>	<b>6.4%</b>

Source: MDH Health Economics Program.

<sup>1</sup>Includes home health care services.

<sup>2</sup>Includes chemical dependency/mental health, durable medical, 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.

<sup>3</sup>Includes health plan administrative expenses and revenues in excess of expenses.

<sup>4</sup>Includes services provided by health practitioners who are not physicians or dentists.

- Spending grew for each category of service, excluding non-medical spending, coinciding with increased use of services in 2021.
- Physician Services spending grew 7.7% (+\$809 million) after minimal growth in 2020.
  - Commercial and Medicare were the largest contributors to increased physician health care spending.

# Distribution of Health Care Spending by Categories of Service

Category of Service	2017	2018	2019	2020	2021
Hospital	33.2%	32.8%	32.5%	31.5%	31.5%
Physician Services	18.3%	18.6%	18.6%	17.7%	17.9%
Long-Term Care <sup>1</sup>	15.5%	15.8%	16.0%	17.0%	16.1%
Other Spending <sup>2</sup>	12.1%	12.1%	12.1%	12.6%	13.9%
Retail Prescription Drugs	10.6%	10.2%	10.2%	10.3%	10.3%
Non-Medical Spending <sup>3</sup>	4.5%	4.8%	5.0%	5.7%	4.1%
Dental	3.3%	3.3%	3.2%	2.9%	3.4%
Other Professional Services <sup>4</sup>	2.5%	2.5%	2.5%	2.4%	2.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: MDH Health Economics Program.

<sup>1</sup>Includes home health care services.

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- Hospital spending was the largest category of spending.
- The percent of spending on retail prescription drugs remained steady, despite an increase of \$397 million (6.5%)
  - Medical Assistance and Medicare contributed the most to this spending increase.

# Additional Information



# Additional Information

- Additional information, including detail on methodology, data visualizations, and chartbooks are accessible on the [Health Economics Program website](https://www.health.state.mn.us/healthconomics) (<https://www.health.state.mn.us/healthconomics>)

<u>Minnesota Health Care Markets Chartbook, Section 1</u>	<u>Minnesota Health Care Markets Chartbook, Sections 2-5</u>	<u>Research Studies (for example)</u>
<ul style="list-style-type: none"> <li>▪ Summary of spending</li> <li>▪ Comparison of MN and US spending</li> <li>▪ Drivers of spending</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health insurance coverage</li> <li>▪ Employment-based insurance</li> <li>▪ Individual and Small group insurance</li> <li>▪ Public health insurance and uninsurance</li> <li>▪ Health plan companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ <a href="https://www.health.state.mn.us/data/economics/docs/spendingrpt2017to2021.pdf">Health Care Spending, Prices, and Use in MN</a></li> <li>▪ <a href="https://www.health.state.mn.us/data/economics/docs/chroncondbrief121322.pdf">Treated Chronic Disease Prevalence and Spending in Minnesota</a></li> <li>▪ <a href="https://www.health.state.mn.us/data/apcd/docs/lvissuebrief.pdf">Analysis of Low-Value Health Services in the MN APCD</a></li> </ul>

Research Studies (Links): [Minnesota Health Care Markets Chartbook, Section 1](https://www.health.state.mn.us/data/economics/chartbook/index.html) (<https://www.health.state.mn.us/data/economics/chartbook/index.html>)  
[Minnesota Health Care Markets Chartbook, Sections 2-5](https://www.health.state.mn.us/data/economics/chartbook/index.html) (<https://www.health.state.mn.us/data/economics/chartbook/index.html>)  
[Health Care Spending, Prices, and Use in MN](https://www.health.state.mn.us/data/economics/docs/spendingrpt2017to2021.pdf) (<https://www.health.state.mn.us/data/economics/docs/spendingrpt2017to2021.pdf>)  
[Treated Chronic Disease Prevalence and Spending in Minnesota](https://www.health.state.mn.us/data/economics/docs/chroncondbrief121322.pdf) (<https://www.health.state.mn.us/data/economics/docs/chroncondbrief121322.pdf>)  
[Analysis of Low-Value Health Services in the MN APCD](https://www.health.state.mn.us/data/apcd/docs/lvissuebrief.pdf) (<https://www.health.state.mn.us/data/apcd/docs/lvissuebrief.pdf>)

# Health Economics Program

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