

## How America Spends Its Healthcare Dollar

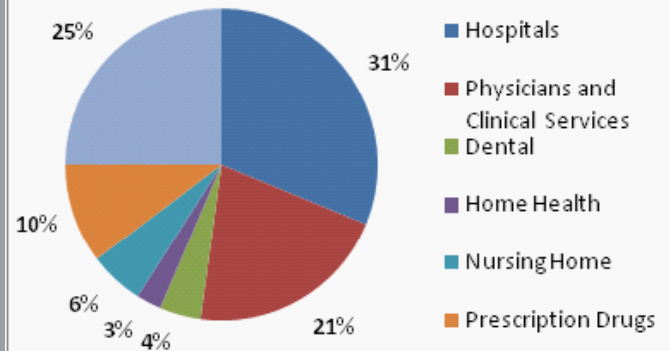
**U.S. health spending continues to outpace inflation and accounts for a growing share of the national economy. Analyses of health care spending patterns can help determine how best to focus efforts to contain rising healthcare costs.**

- The U.S. is projected to spend almost \$2.4 trillion (16.6% of the GDP) on health care in 2008, or \$7,868 per U.S. resident.
- Spending on health care has consistently grown faster than the overall economy. Although the rate of growth in health care costs slowed somewhat in the mid-1990s, it has once again started to rise at a rate that exceeds other sectors of the economy. In 1960, health care expenditures accounted for about 5% of the GDP; by 2000, that figure had grown to more than 16%.
- By 2017, health care spending is projected to be over \$4.2 trillion, or \$13,101 per person, and account for 19.5% of GDP.

- In 2008, spending by private health insurance comprises about 32% of all health expenditures; about 26% of private expenditures (including private insurance, out-of-pockets payments, and charitable contributions) and 15% of all health expenditures are out-of-pocket payments by individuals.
- Medicare is expected to account for 21% of all health spending by 2017, and other public health spending for 28%. Private health spending will fall to 51%.

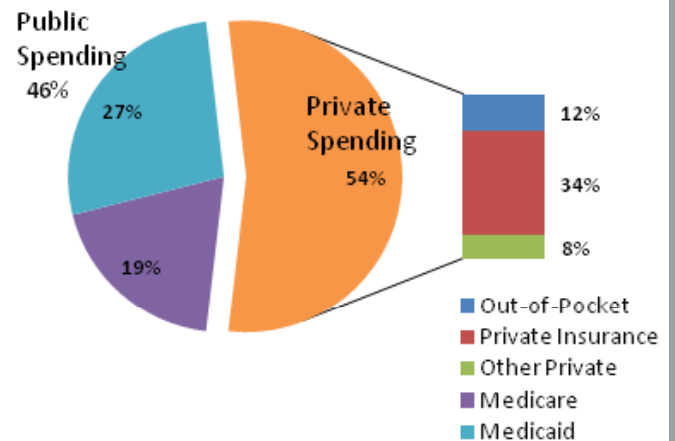
- Although private and public health spending each currently account for about half of all health spending, private health spending as a percent of total health spending has been decreasing in recent years and is projected to continue to decrease, while public spending as a percent of total health spending is expected to continue to increase.
- Chronic conditions are an important factor in overall spending and a major driver of cost. Of the five medical conditions that account for more than 30% of growth in healthcare spending, four are chronic conditions: heart disease, mental disorders, pulmonary disorders, and cancer.

**Distribution of National Health Care Spending By Service Use, 2008**



*"Other" includes other professional services, other personal health care, other medical products, program administration and net cost of private health insurance, government public health activities, and investment in research, structures and equipment.*

**Sources of Health Spending, 2008**



**Sources of Health Care Spending**

