

Healthcare 101

Information on Healthcare Spending,
Who Pays, and Future Trends

“... to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire's future.”

Healthcare Finance In New Hampshire

The cost of personal health care continues to rise in New Hampshire. In the Granite State, personal health care—which includes visits to doctors, hospitalizations, medicine, and so on—consumes 18 percent of our economy, or 18 cents of every dollar. Twenty years ago, spending on personal health care was less than 10 percent of New Hampshire's economy. Twenty years from now, health care spending is projected to reach nearly 22 to 25 percent of economic activity.

The Obama administration and Congress are considering legislation to overhaul the US healthcare system, perhaps passing a bill before the August recess. The Center has developed this snapshot to update work previously conducted which provided general background on U.S. healthcare spending, with detail for New Hampshire where available. It shows how much we spend, what services the funds are spent on, and how much of the spending comes directly from consumers. For details on the methodologies used in this report, see our prior work: <http://www.nhpolicy.org/report.php?report=183>

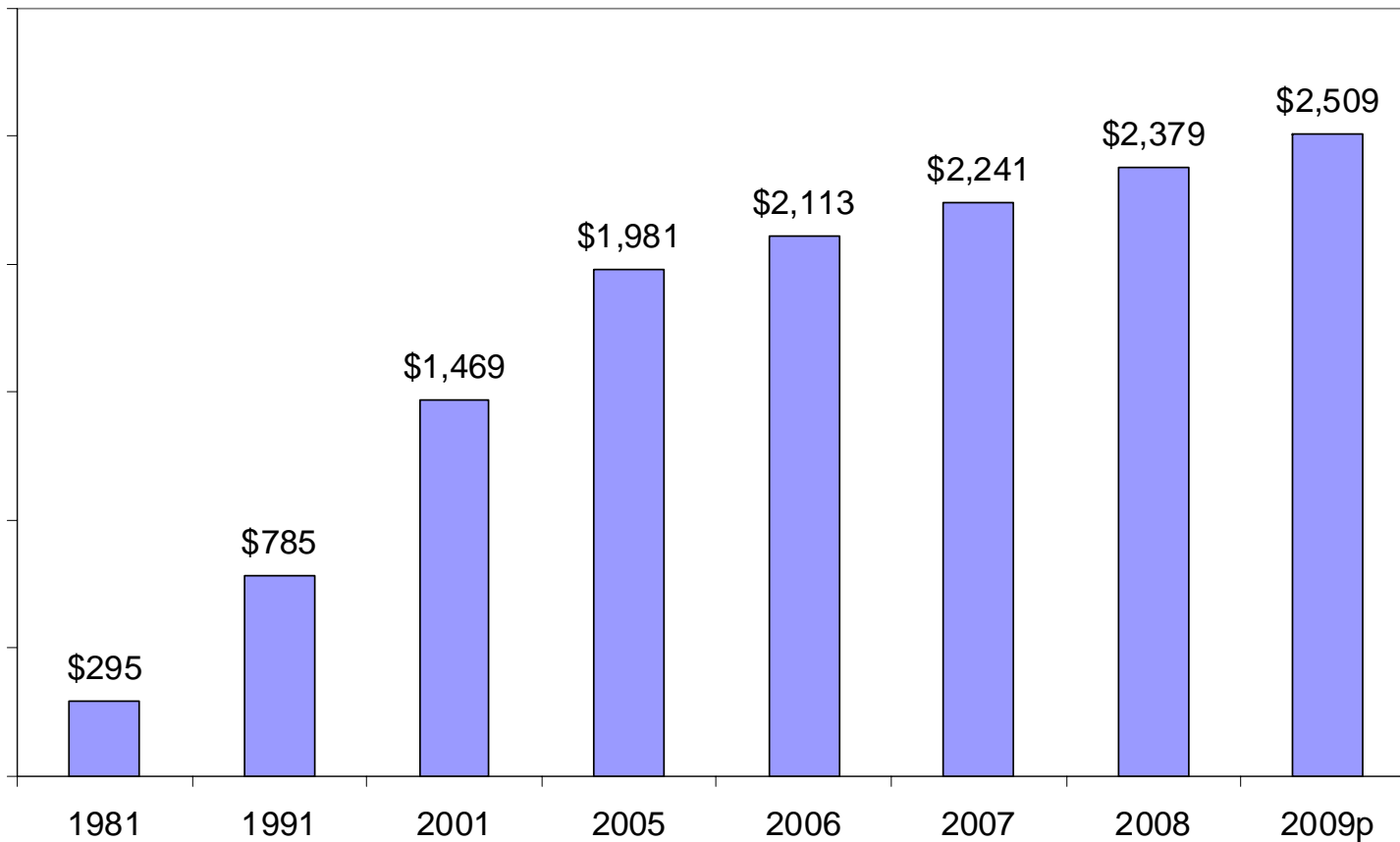
About this report

This paper is one of a series published by the Center on health-care finance. The Concord-based Endowment for Health has sponsored this work. This paper, like all of the Center's published work, is in the public domain and may be reproduced without permission. Indeed, the Center welcomes individuals' and groups' efforts to expand the paper's circulation.

National Healthcare Spending

Healthcare 101 Spending

National Health Spending in Billions

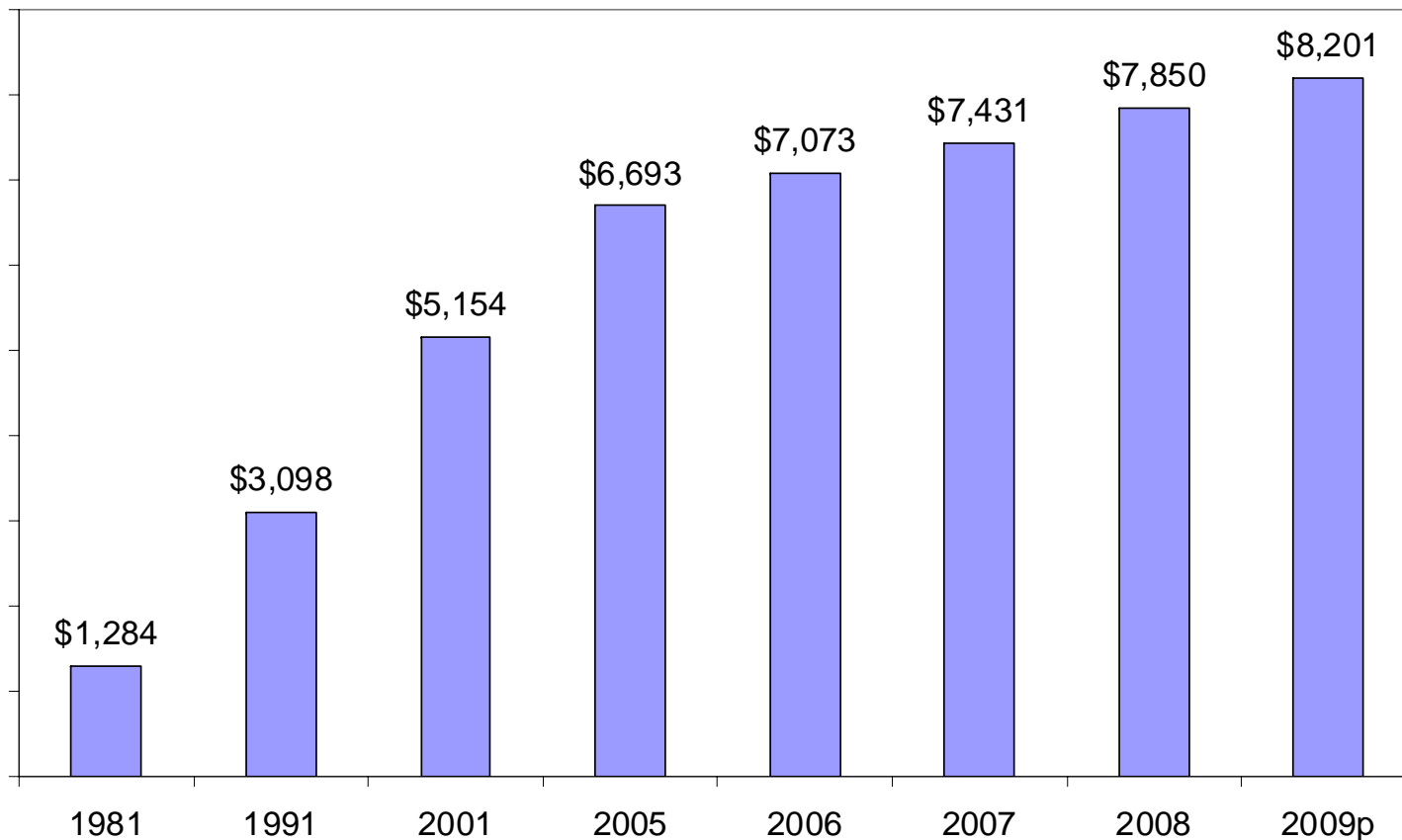


Health spending in the US exceeded \$2 trillion in 2006, and will rise 19% from that level in 2009.

Healthcare Spending Per Person

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National Health Spending per Person

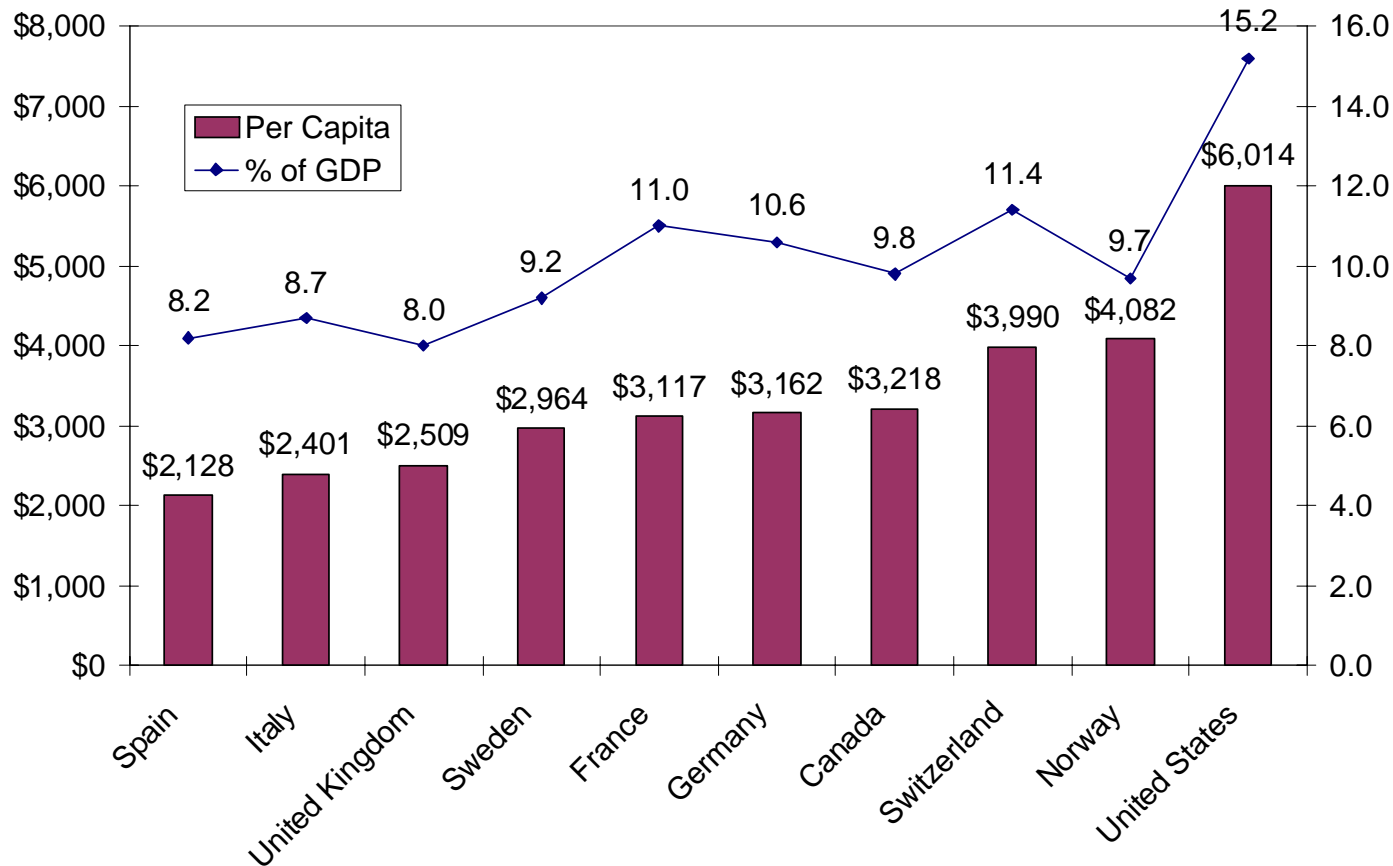


The amount spent per person increases 59% between 2001 and 2009.

Global Healthcare Spending

Healthcare 101 Spending

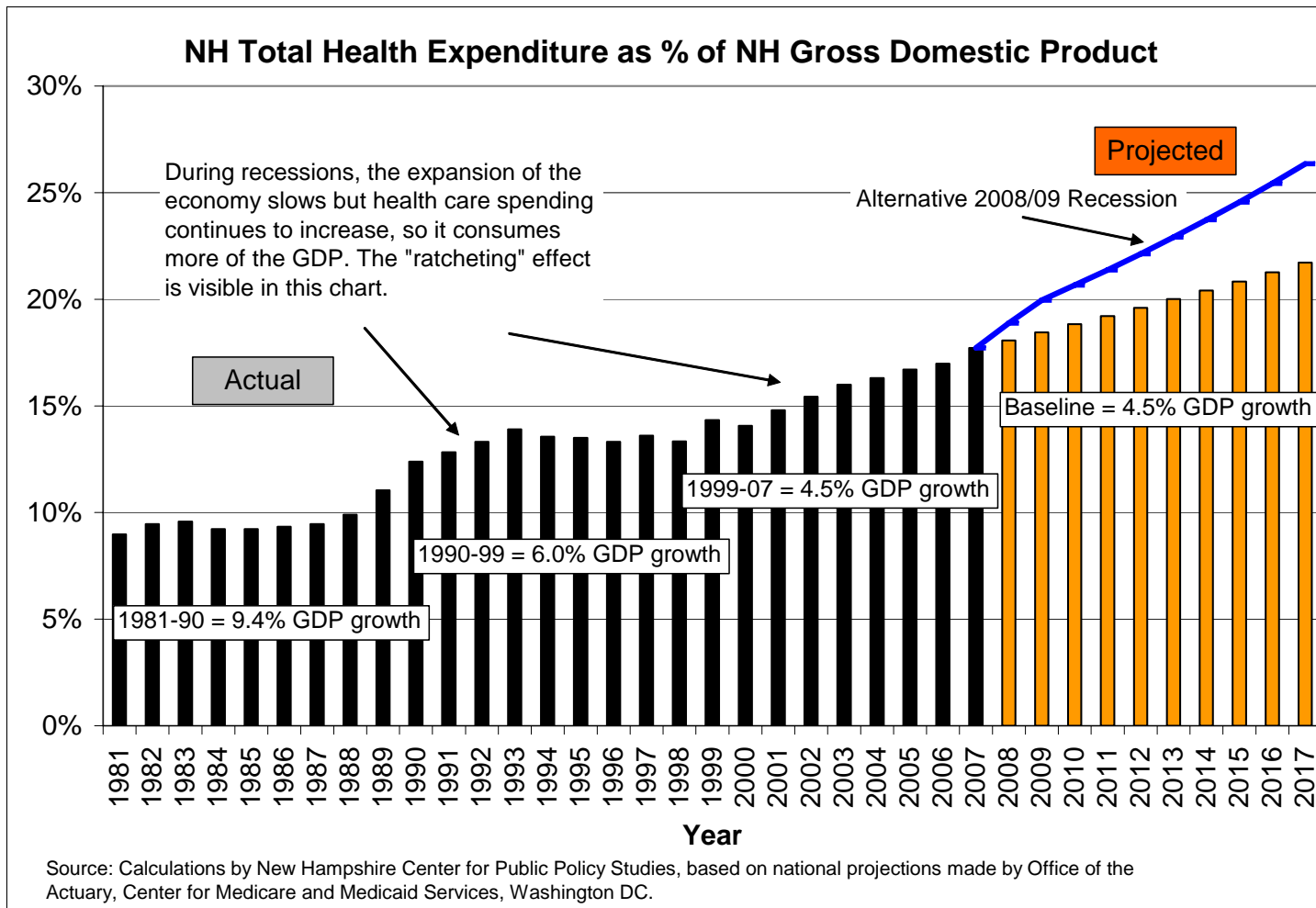
Health Care Spending in Selected Developed Countries, 2005



U.S. healthcare spending far exceeds that of other developed countries, both in per capita spending and as a percent of GDP

NH Healthcare Spending and Gross Domestic Product

Healthcare 101 Spending

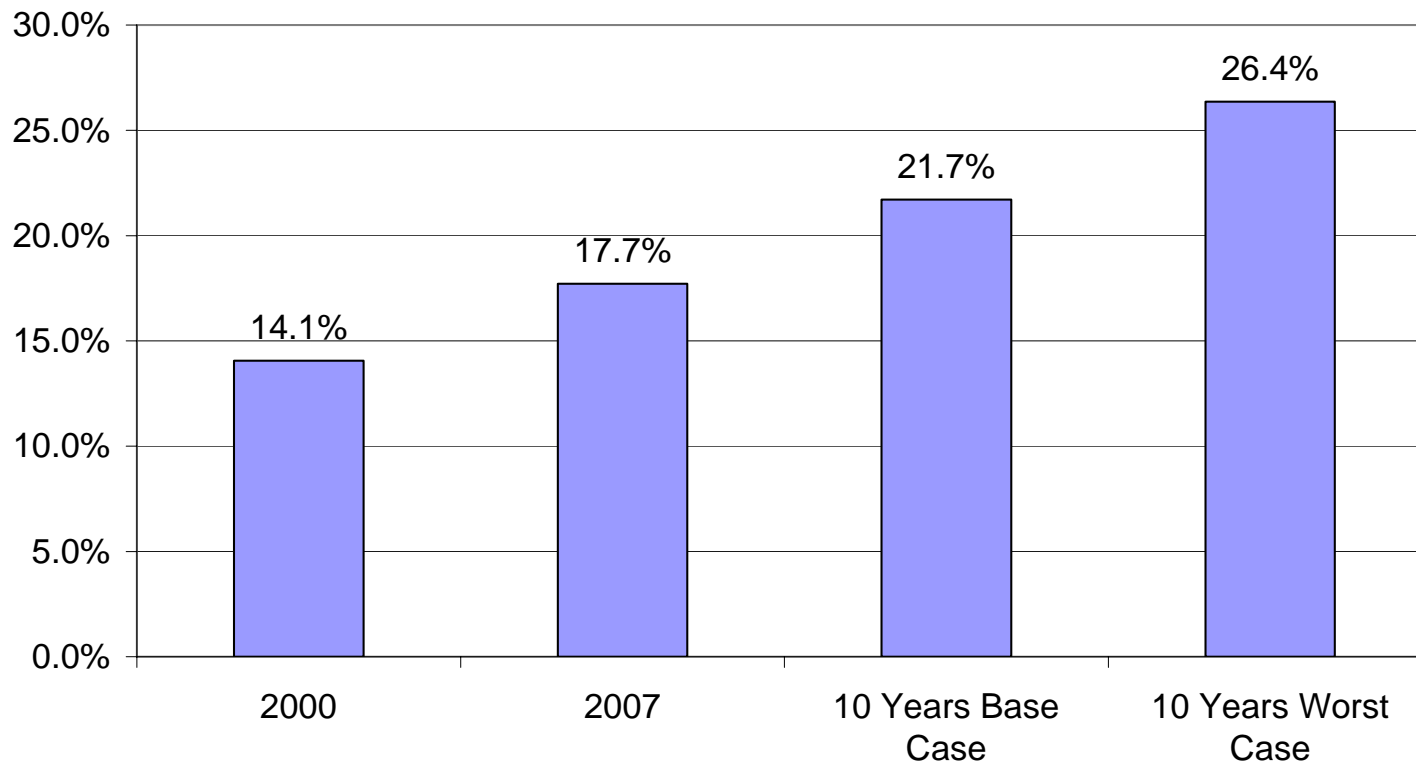


The impact of health care, and its role in our economy, will change as the economic situation changes. Healthcare accounts for 18 cents of every dollar spent in New Hampshire. This could grow to as much as 26% in ten years if GSP grows at 2% per year (or half the historic rate) during this recession.

Can We Afford healthcare? The Economic Situation May Answer That Question.

Healthcare 101 Spending

NH Health Care Expenditures as a Percent of GDP Under Alternative Assumptions Regarding Growth in the Economy

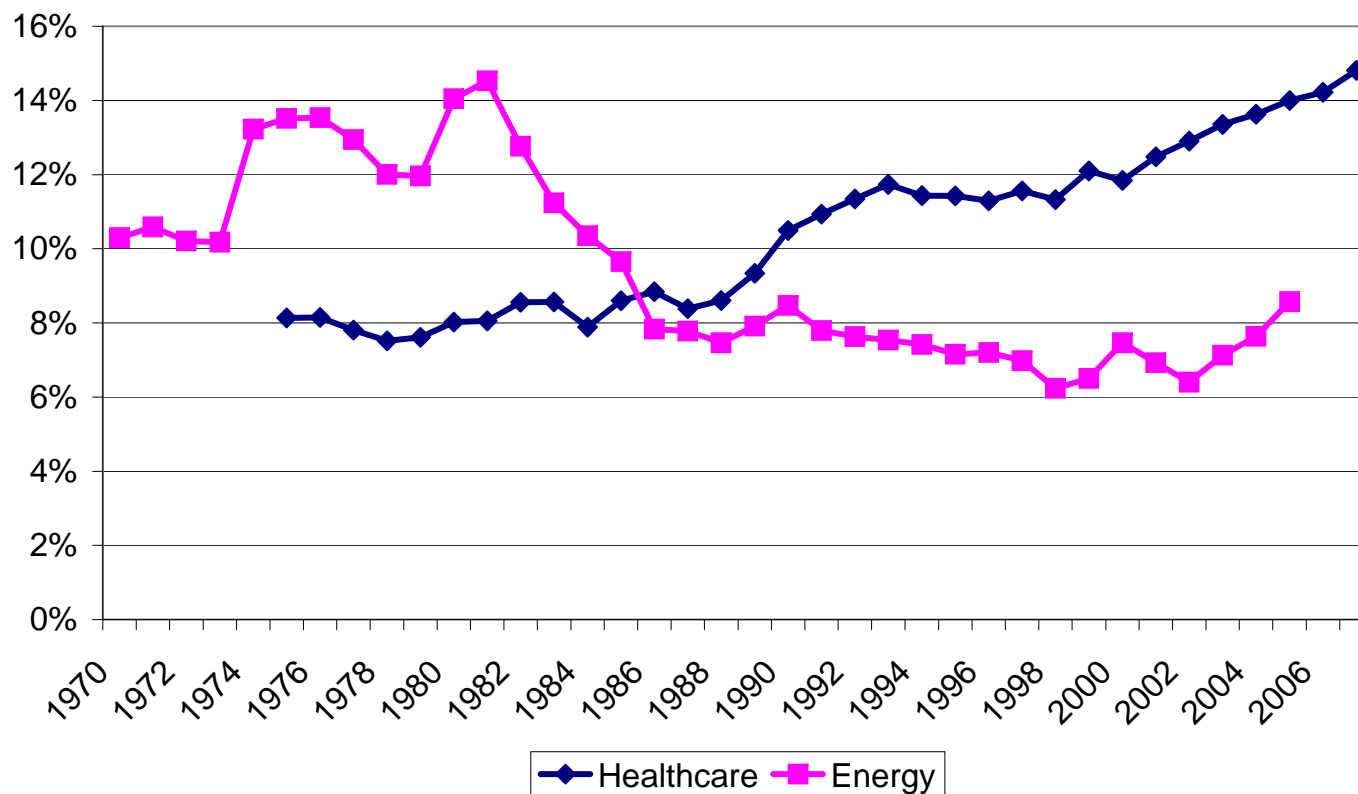


If history is any indication, health care will account for almost 22% of our economy by 2017. If gross state product grew at only 2% per year during this recession, that number could be as high as 26%.

Healthcare, Energy and Gross Domestic

Healthcare 101 Spending

Share of New Hampshire GDP
Energy and Healthcare

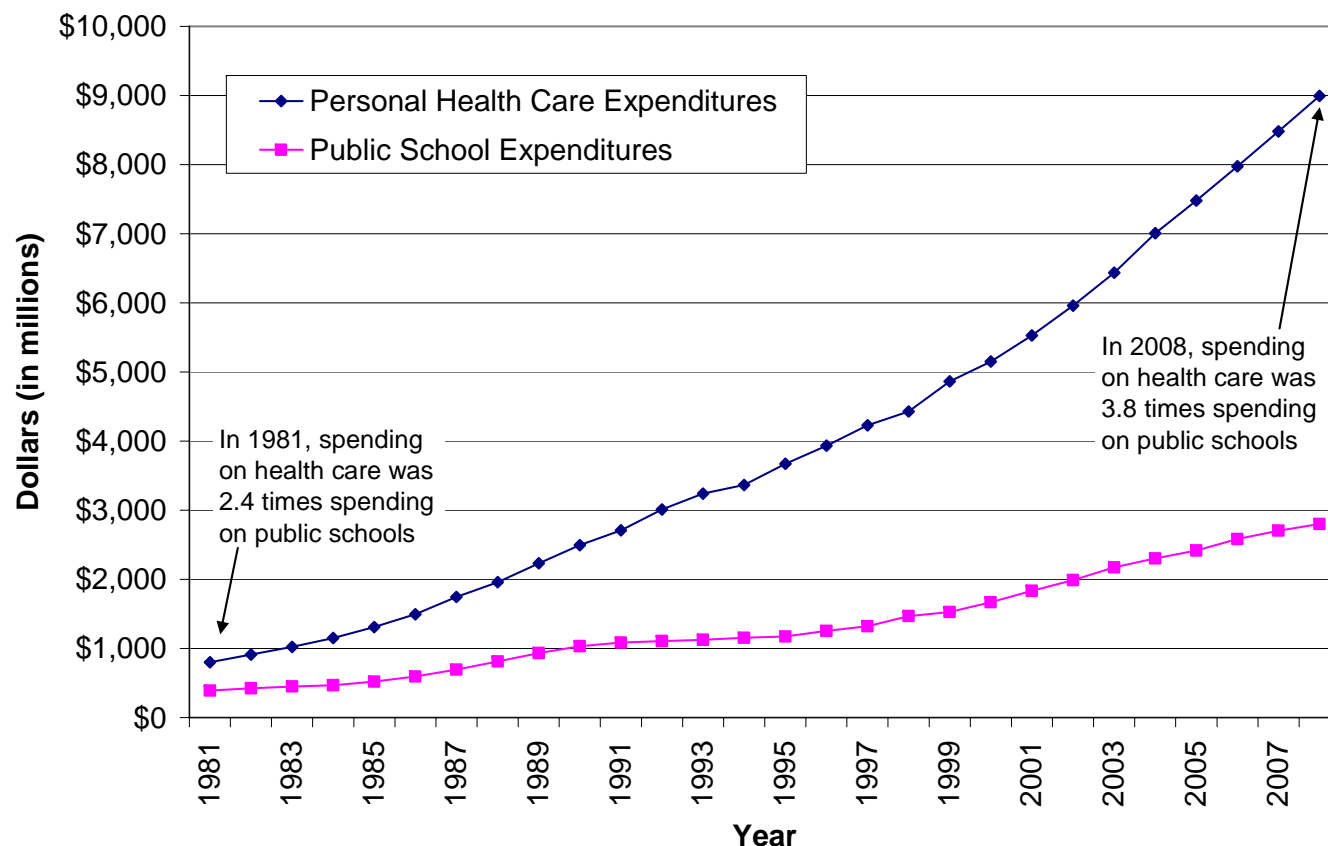


As a result of changes in consumption patterns and prices, energy remains less than 10% of GDP. In comparison, growth in healthcare has been relentless.

Expenditures on Healthcare are Growing More Quickly than Expenditures on Education in New Hampshire.

Healthcare 101 Spending

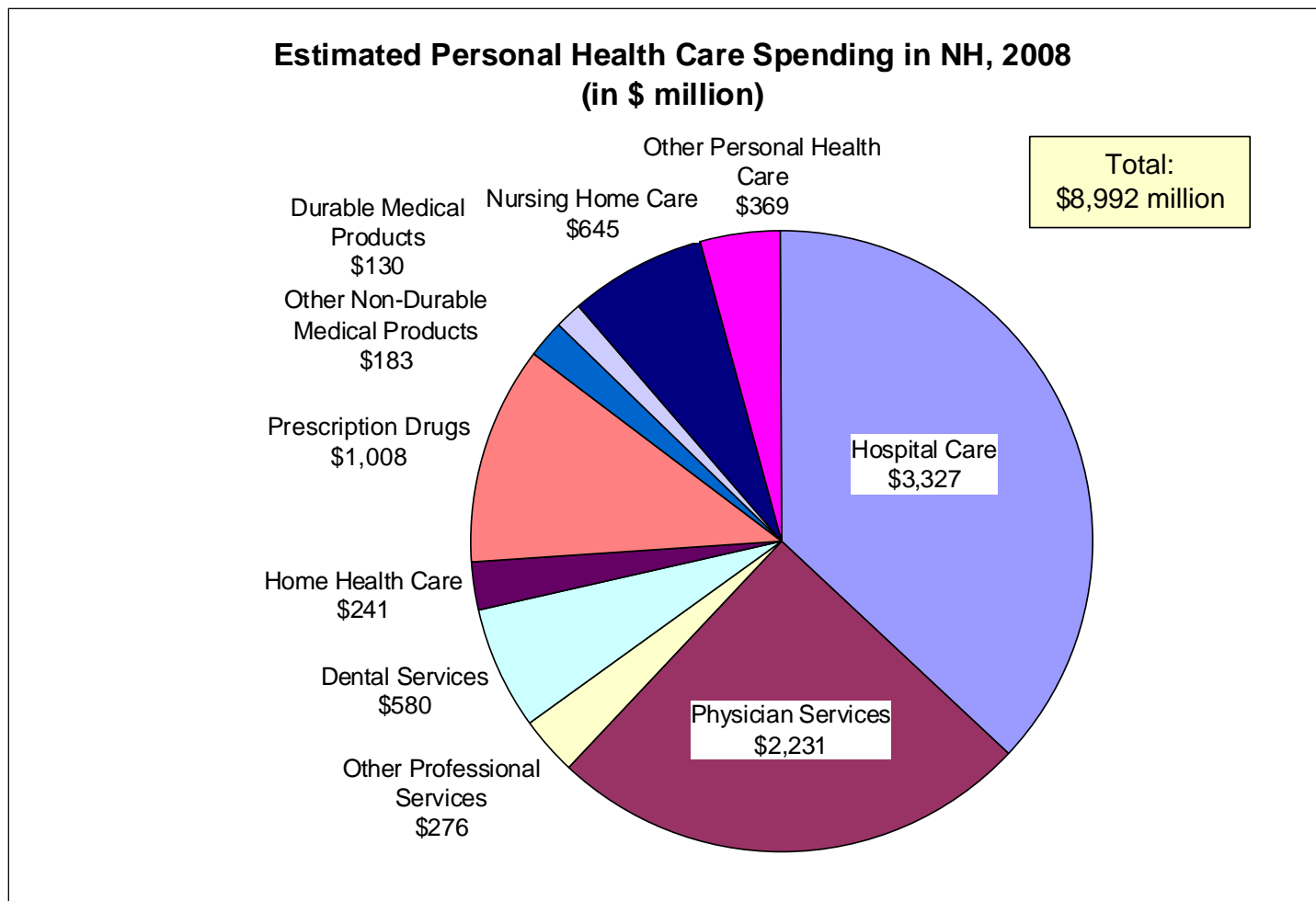
Expenditures on Personal Health Care and Public Schools in NH



There is a growing disparity in investment between healthcare and other services, including education.

Hospital and Physician Services Account for Much of the Spending in Healthcare.

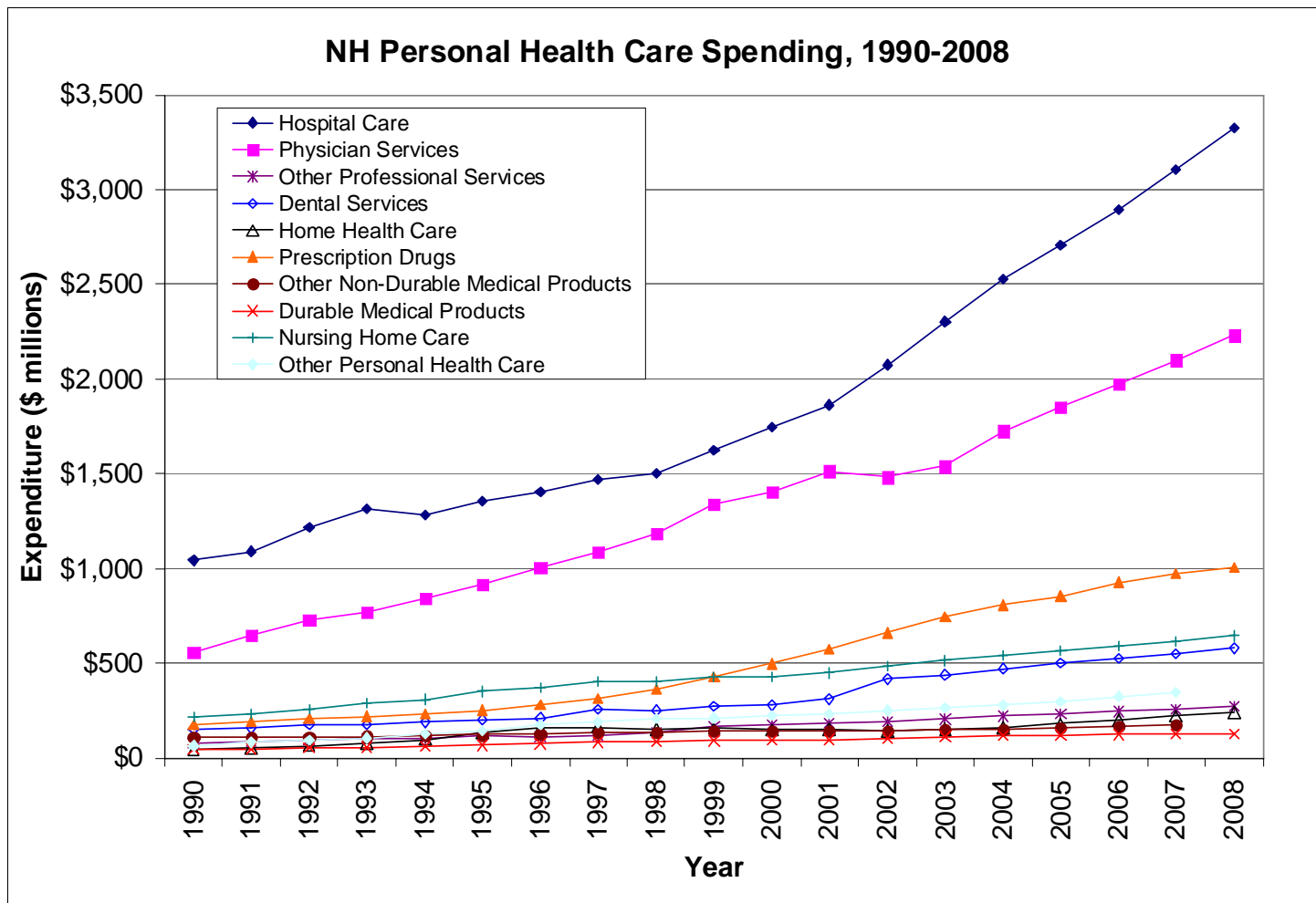
Healthcare 101 Spending



NH Hospitals and physician services accounted for 60% of spending in 2008.

Growth in NH Personal Healthcare Spending Driven Largely by Hospital Care and Physician Services.

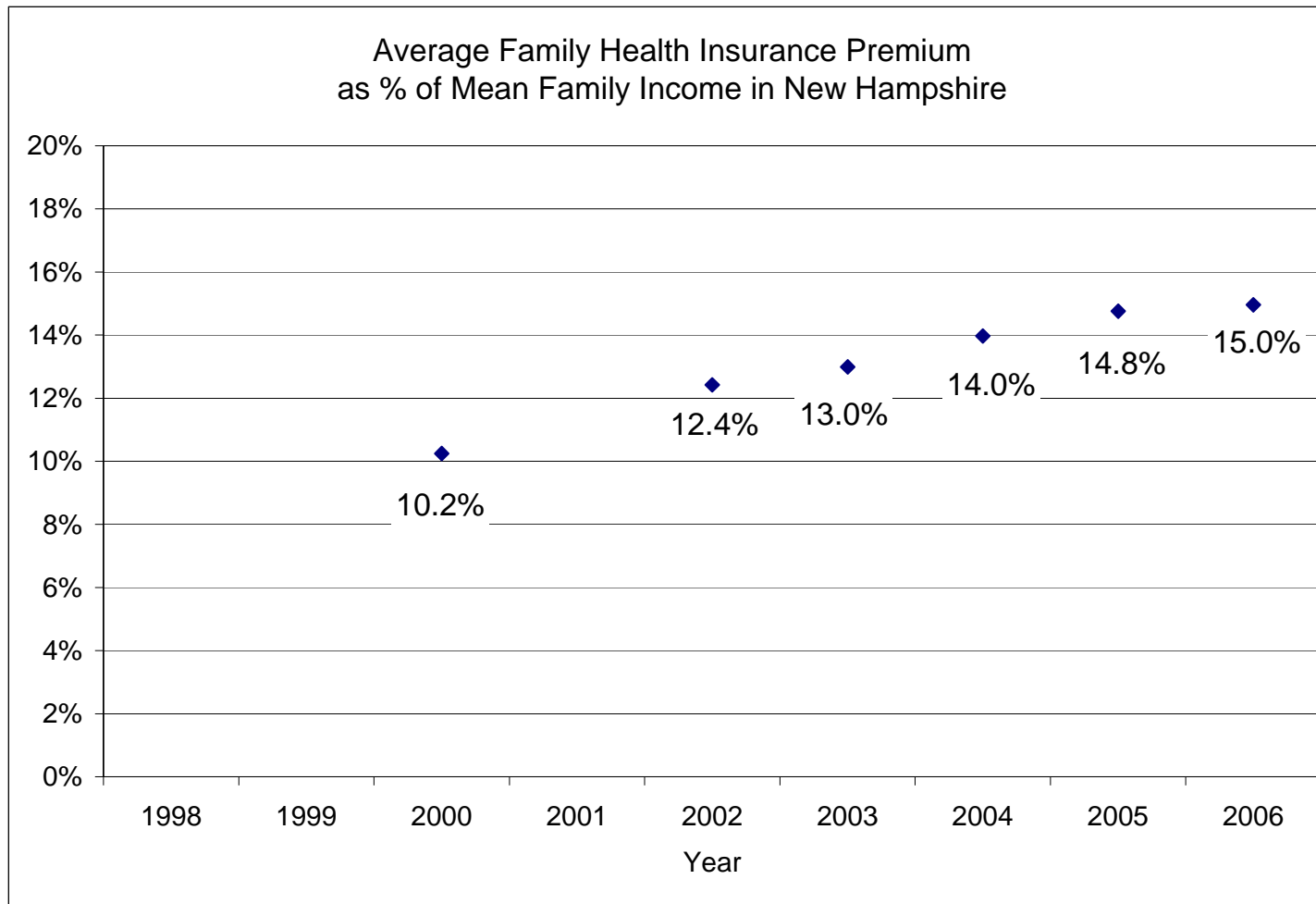
Healthcare 101 Spending



**NH Hospital
spending rose
rapidly post 1998,
physicians after
2003**

Growth in the Cost of Insurance Coverage Continues to Outpace Growth in Wages.

Healthcare 101 Spending

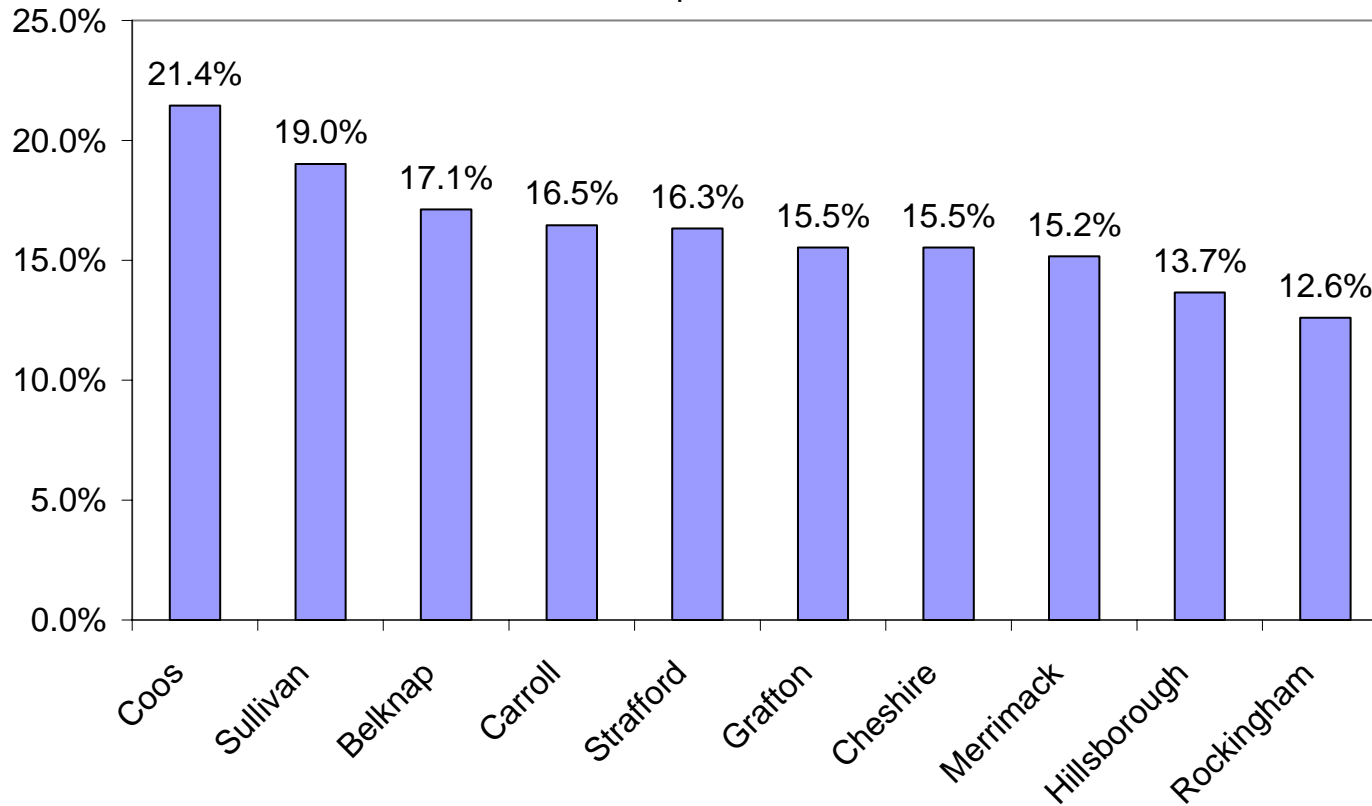


Families pay an increasing share of income to support health care.

Health Insurance is Less Affordable in the Rural Areas of New Hampshire.

Healthcare 101 Spending

Average Family Health Insurance
Premium as % of Mean Family Income in
New Hampshire 2006

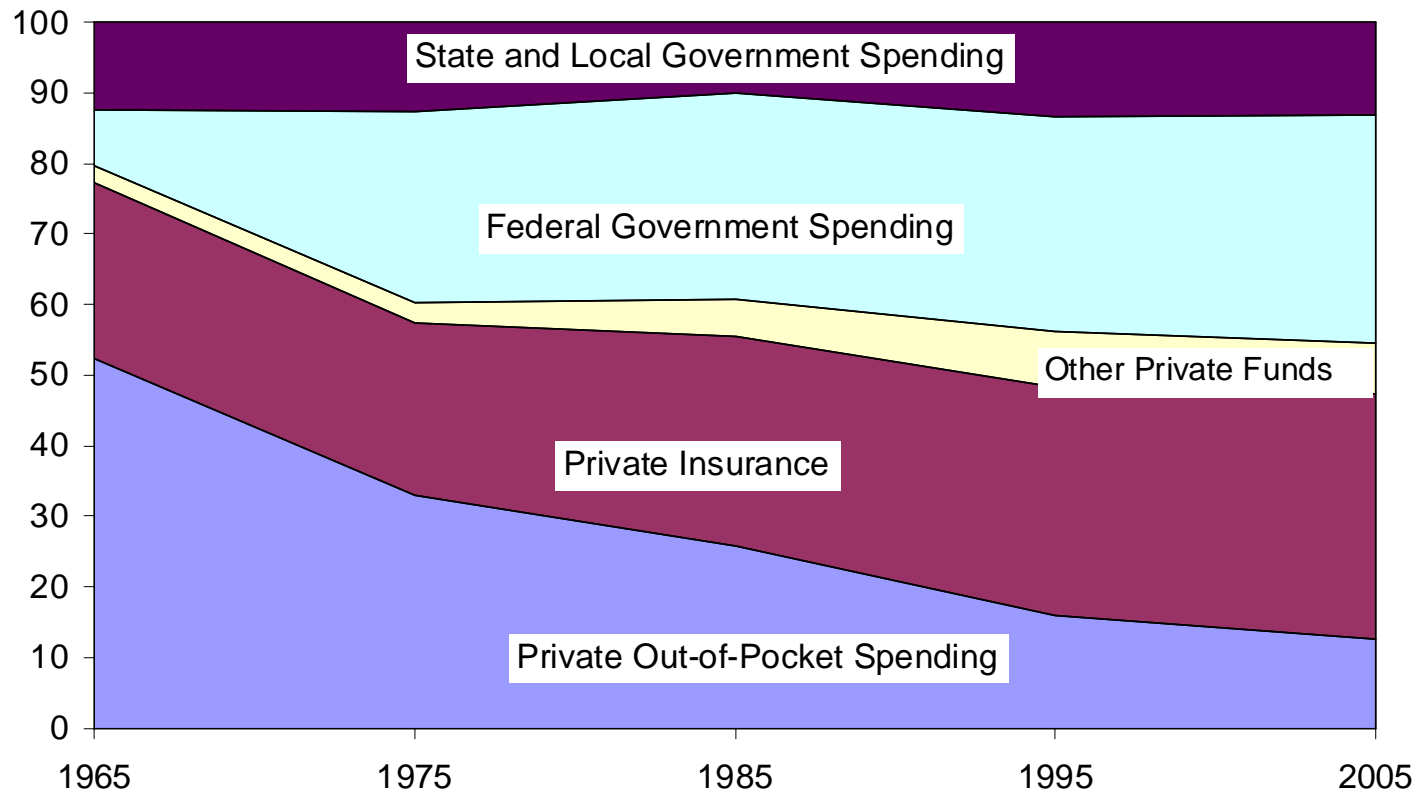


In Coos County, the average health insurance family premium is more than 20% of the mean family income. In Rockingham county, it is only 13%.

Healthcare Spending Payment Sources

Healthcare 101 Who Pays?

National Healthcare Expenditures by Source
Percent of Total Spending



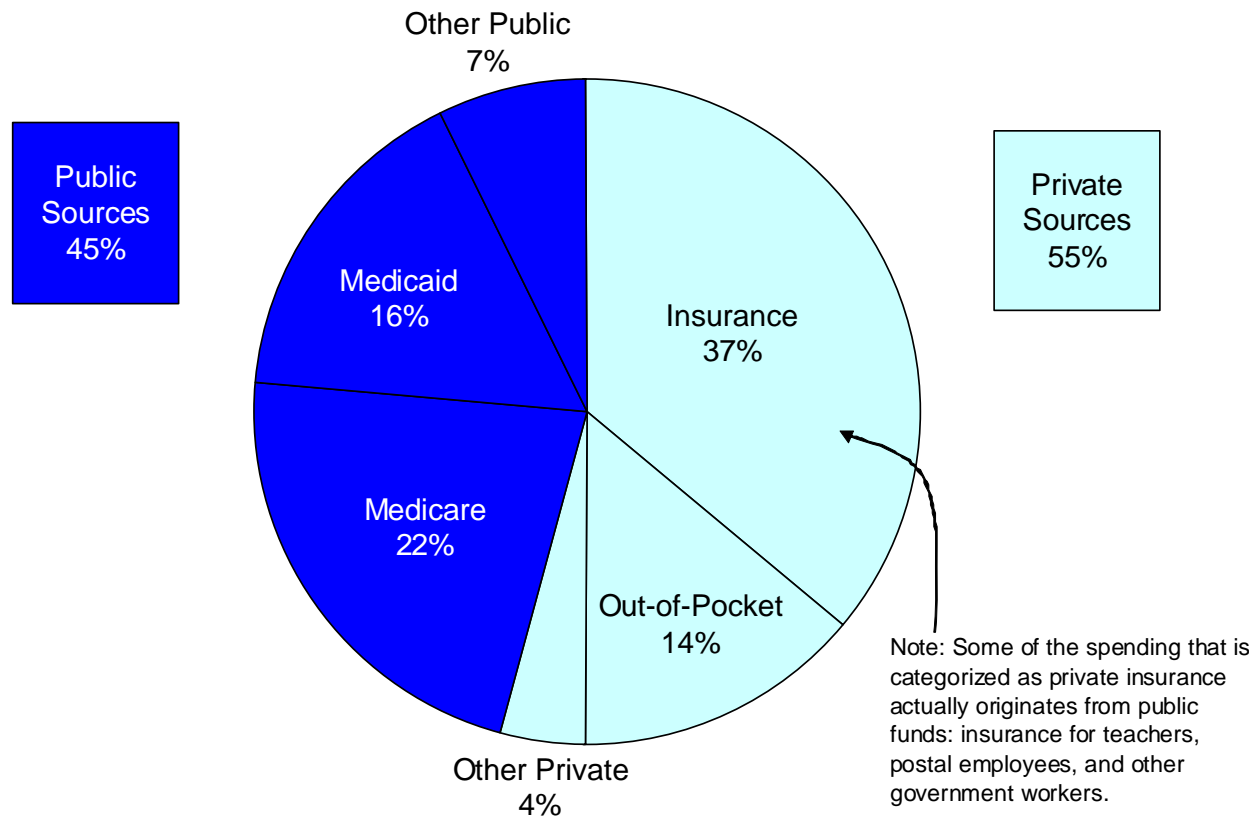
Over time, the share of federal spending has increased, most dramatically following the creation of Medicare and Medicaid.

Public Payers Have Been a Primary Leverage Point for Changing the Health Care System.

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Who Pays?

Estimated Source of Funds Personal Health Care in US, 2008

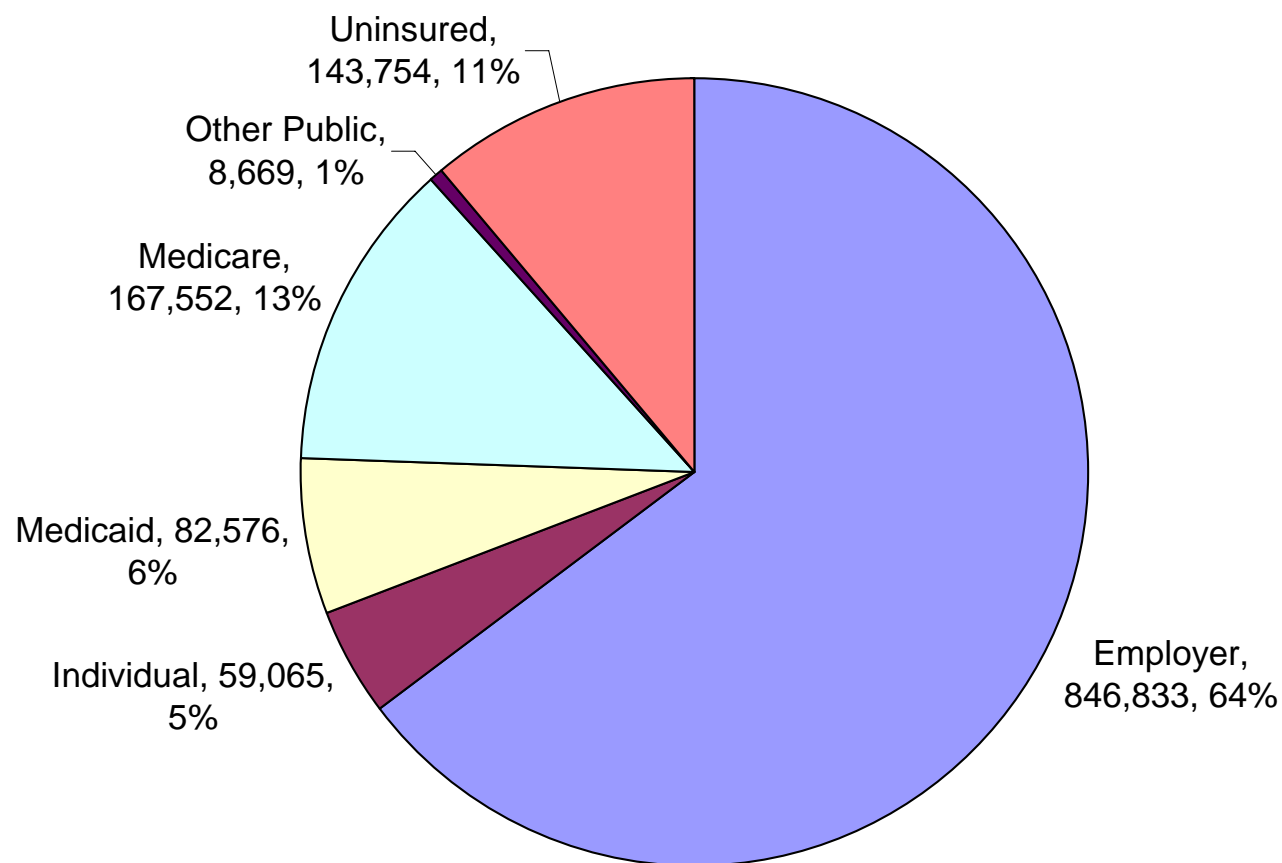


Nationally, public sources pay for almost half of our healthcare.

A Significant Share of the Population in New Hampshire is Insured Privately, via the Individual or the Employer Insurance Markets.

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Who Pays?

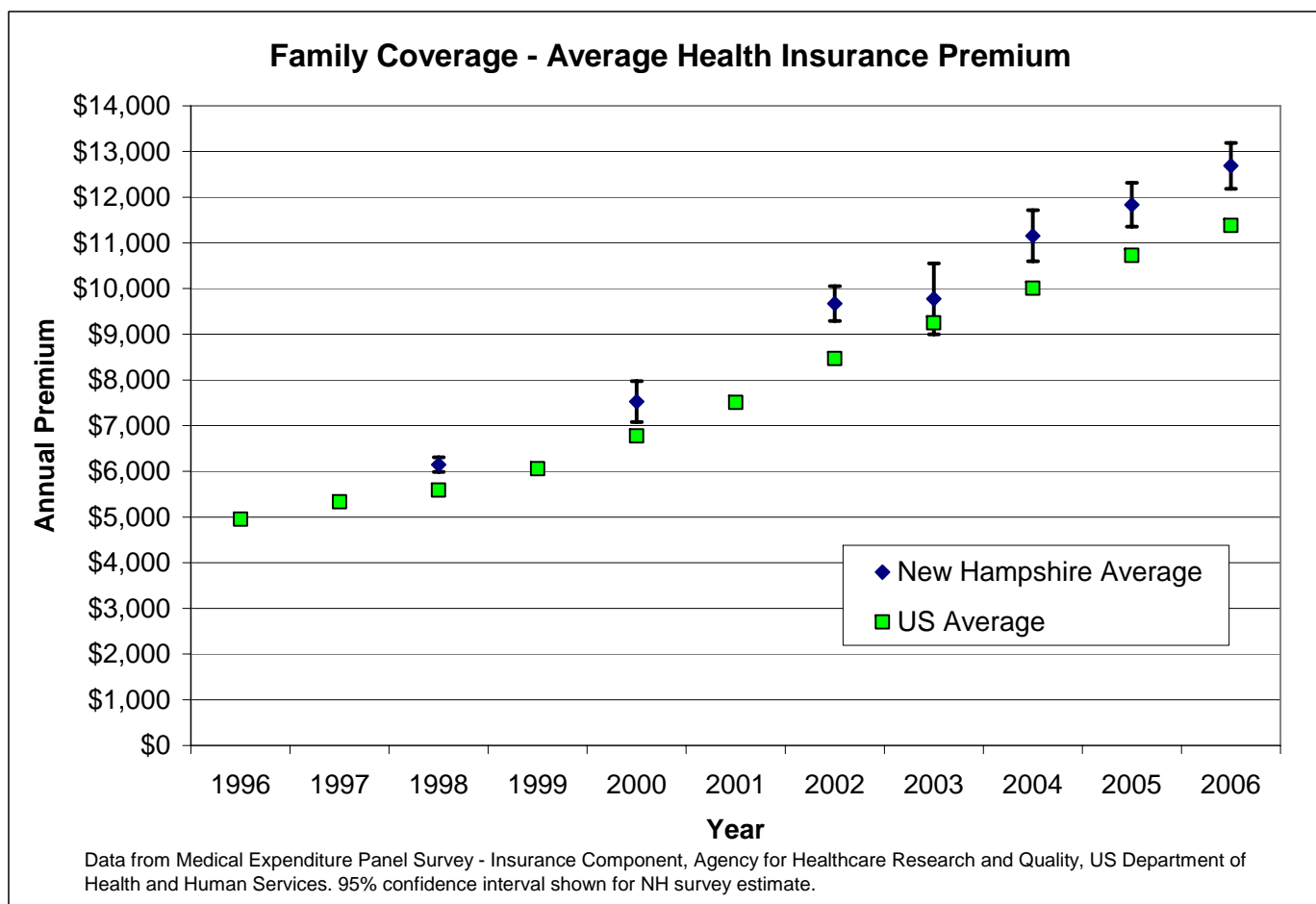
Number of NH Residents by Health Coverage 2007



Employer-based health insurance covers about two thirds of the New Hampshire population.

NH Family Health Insurance Rates Above the US Average.

Healthcare 101 Spending



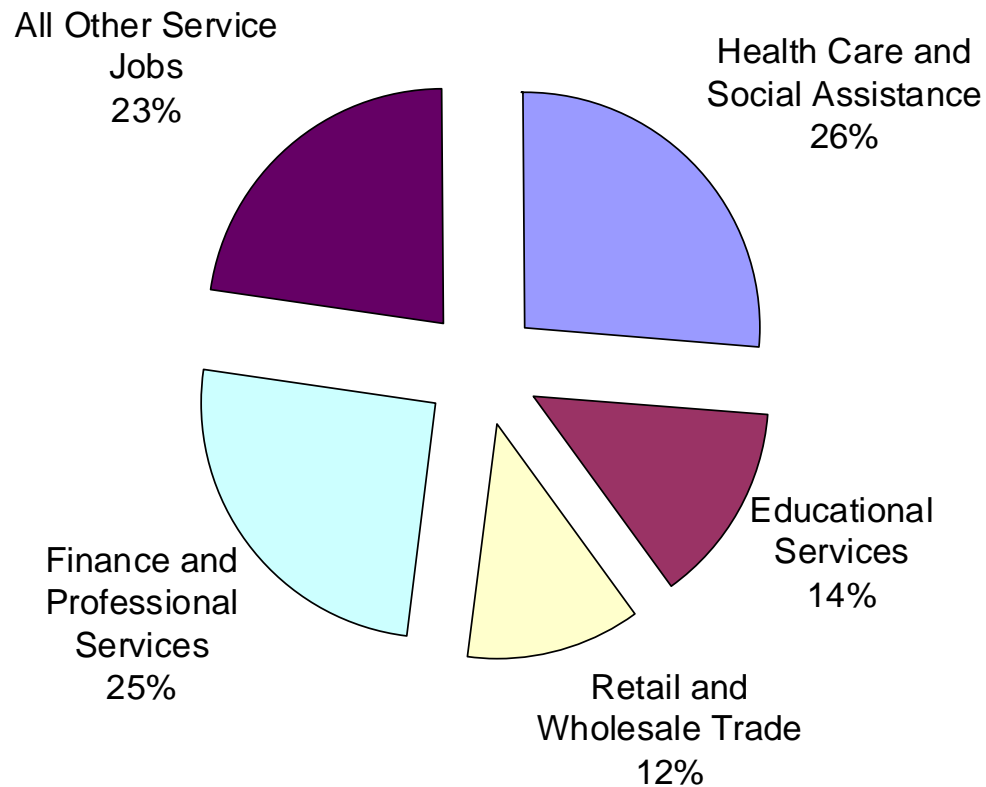
Why are premiums in New Hampshire higher than in the nation generally?

A scientifically reliable explanation for this difference is not available.

Healthcare is an Important Source of Job Growth in New Hampshire

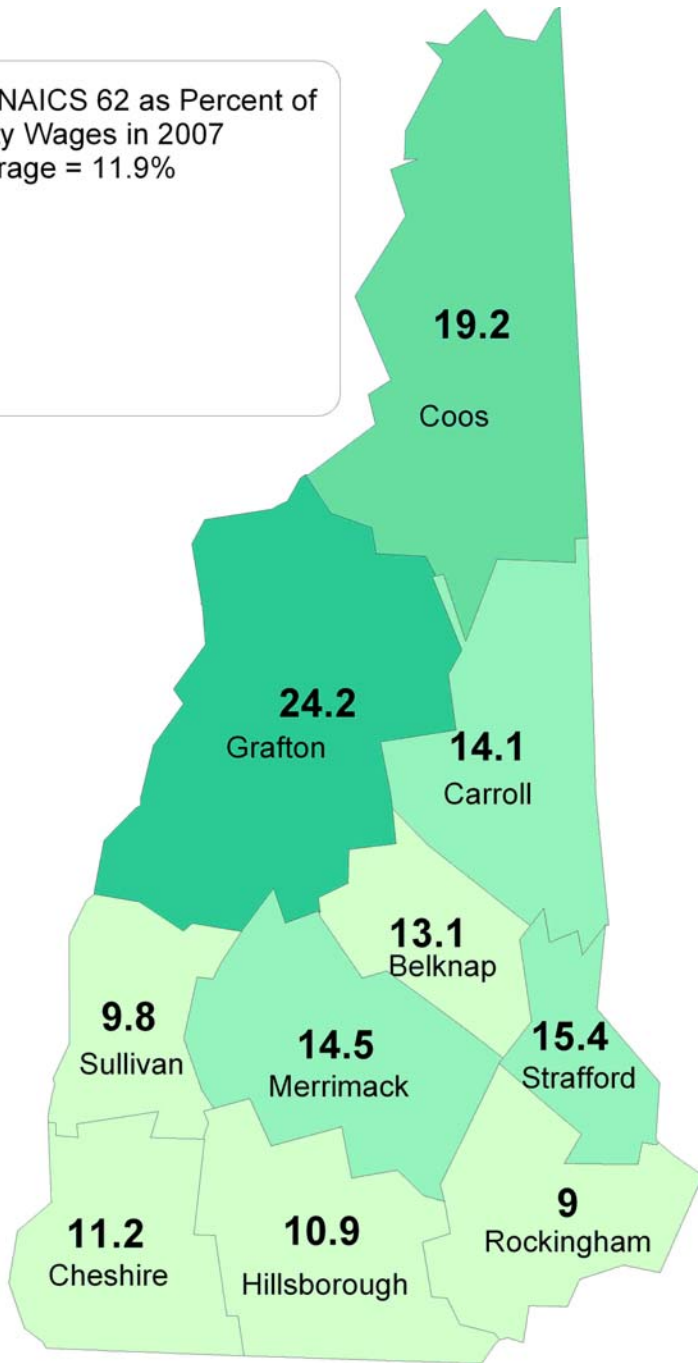
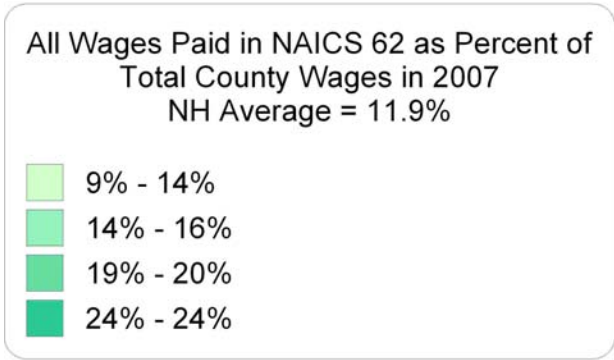
Healthcare 101 Economic Engine

Distribution of 91,111 New Service Jobs by Industry in New Hampshire
2006-2016



More than one quarter of the new service sector jobs created in the next ten years will be in health care and social assistance.

Healthcare As Employer



Healthcare 101 Economic Engine

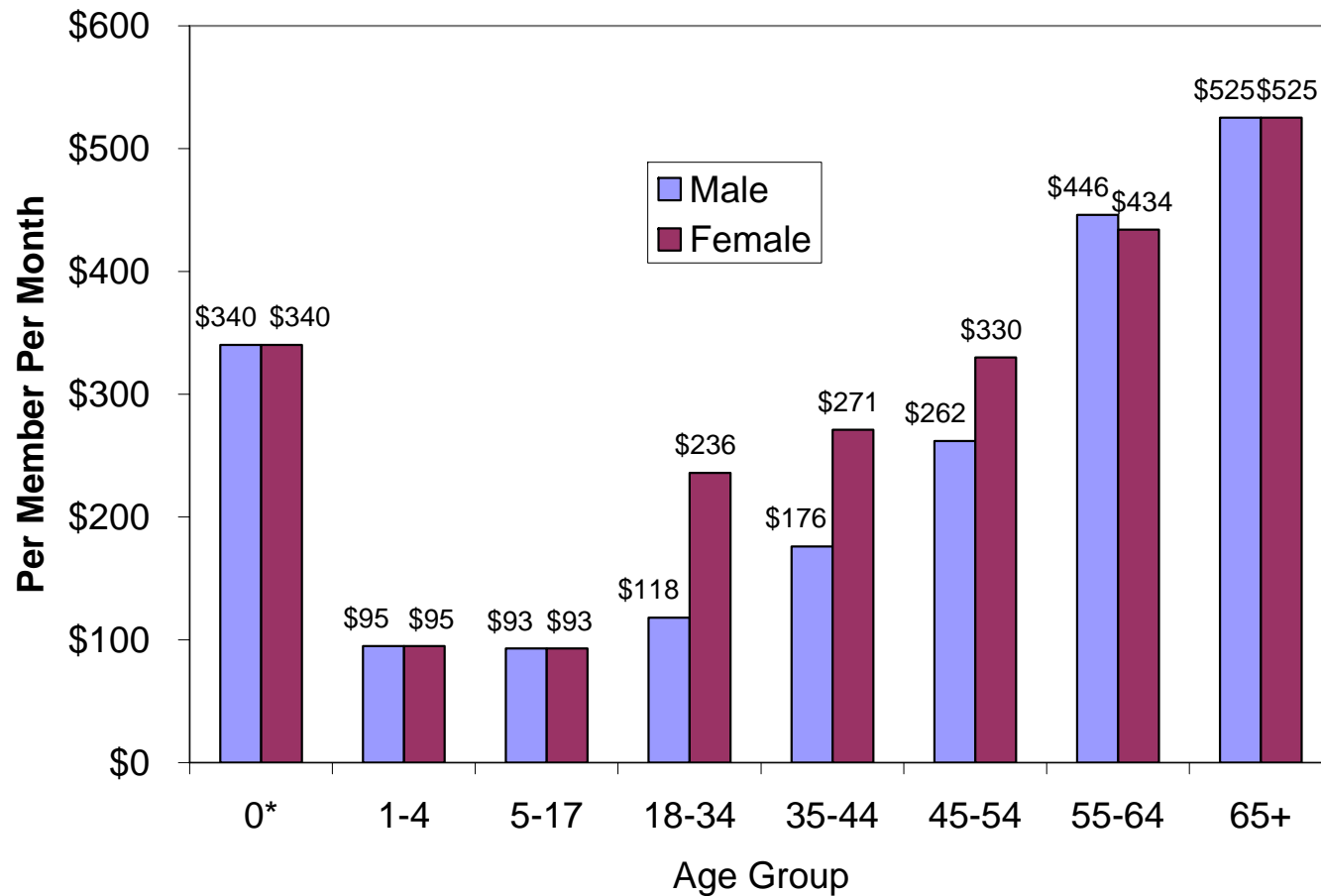
The labor markets with the greatest reliance on healthcare and social service related jobs and wages are in New Hampshire's North Country.

Source: NH Department of Employment Security, NAICS 62 includes jobs and wages in Health Care and Social Assistance.

An Aging Population will Affect NH's Health

Healthcare 101 Trends

Healthcare Utilization, All NH Commercial Insurance, 2005



* Potentially Under Reported

We do know that people consume more health care as they age, and that the population is getting older.