

Health Care Market Facts

All eyes are focused on the nation's health care industry as costs continue to rise.

According to the National Health Expenditure (NHE) report released this year by the Center for Medicaid and Medicare Services (CMS), annual NHE growth is expected to increase by an average of over 6 percent annually through 2018. Annual health care costs are projected to surpass \$3 trillion by 2013, showing a slight decrease from 2008 NHE figures, which projected reaching the \$3 trillion mark by 2012.

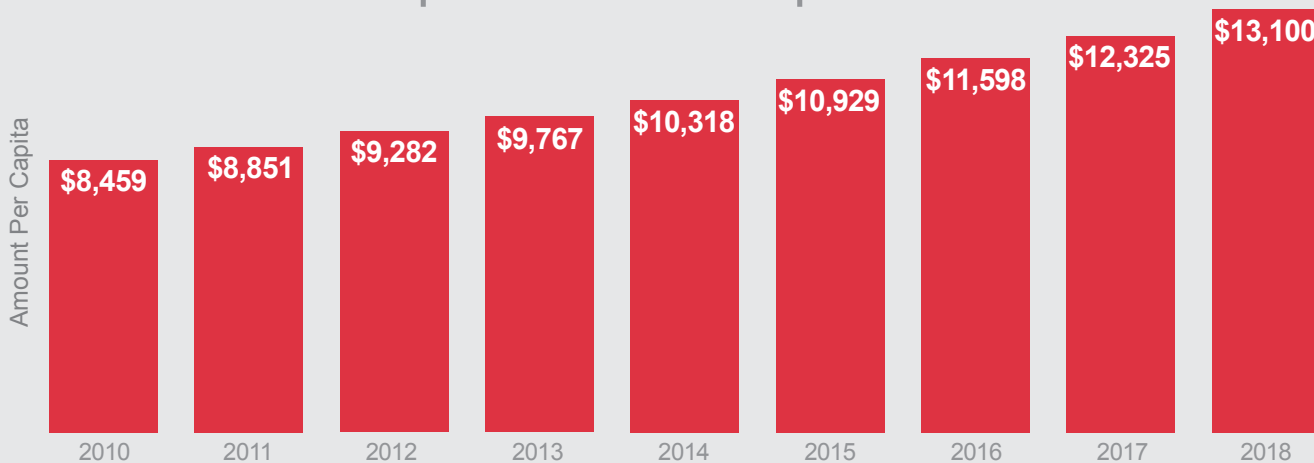
The CMS report stated that the "recession is anticipated to cause divergent trends in health spending growth for private and public payers in 2009. Private health spending growth is projected to decelerate from 5.8 percent in 2007 to a 15-year low of 3.9 percent by 2009, driven by excepted slower income growth and declining private health insurance coverage rates."

The slower growth figure is encouraging, but mitigated by the reality of rising costs in the public sector. According to the report, the Baby Boomer generation is begin-

ning to make a significant impact on Medicare costs, while Medicaid spending growth continues to accelerate. "Average annual spending growth by public payors (7.2 percent) is expected to outpace that of private payers (5.3 percent) through 2018. As a result, the public share of total NHE is expected to exceed 50 percent by 2016 and reach 51.3 percent by 2018."

While annual growth rates are projected to continue trending upward, the need for payor-centric cost containment solutions and administrative efficiencies will also continue to rise. Supporting this notion, the Obama administration has pledged to reform health care by improving administrative workflow, reducing costs and providing coverage for all Americans. Regardless of what happens with the nation's health care system one thing remains certain: Obama and his team certainly have their work cut out for them.

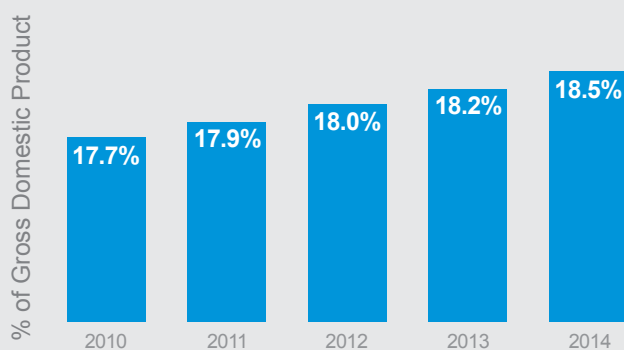
Health Expenditures Per Capita 2010-2018



Total Health Care Expenditure 2010-2014



National Health Expenditures as a % of Gross Domestic Product 2010-2014



*Not all cost categories are represented in the above displays.