

Sponsors of Health Care Costs: Businesses, Households, and Governments, 1987 - 2007

Summary

The financial burden of health care costs resides with businesses, households and governments that pay insurance premiums, out-of-pocket costs, or finance health care through dedicated taxes or general revenues. These sponsors frequently decide what health care plan is offered, who is eligible to participate in the plan, what cost-sharing arrangements (premiums, co-payments and deductibles) will be imposed, and how much coverage will be available.

In 2007, spending for health care services and supplies (HSS), a subset of the National Health Expenditures (NHE), grew 6.2 percent to \$2.1 trillion, decelerating from 6.8 percent growth in 2006 (Tables 1 & 2). The slower growth in 2007 is due primarily to decelerating growth in spending by households and by the federal government. After federal government spending jumped in 2006 by 10.1 percent due to the introduction of the Medicare Part D benefit, growth decelerated in 2007 to 7.0 percent. In addition, household health care spending grew slower in 2007, increasing 5.9 percent compared to 7.9 percent in 2006. In contrast, health care spending growth by private businesses and state and local governments accelerated in 2007, to 5.6 percent and 6.3 percent, respectively.

Overall, the shares of business, household, and government spending to total health spending have remained relatively stable over time (Table 3). In 2007, the shares of private business, federal government, and state and local government to total health spending remained unchanged from 2006. Household spending as a share of total health spending decreased slightly from 32 percent in 2006 to 31 percent in 2007 (Table 3). However, by examining funding sources within each sponsor type, patterns of change become more evident, especially on the heels of the introduction of Medicare's new Part D benefit, which caused changes in financing mechanisms within the government.

Businesses

Health spending by private businesses accelerated from 3.9 percent in 2006 to 5.6 percent in 2007 (Table 2). Growth in private business spending for health care was tempered in 2006 as households and the federal government experienced one-time increases associated with the introduction of Medicare Part D. In 2007, private business health spending growth returned to a rate similar to recent years prior to 2006.

The proportion of health spending by private businesses has remained around 25 percent since 1987, with the largest share of spending devoted to employer contributions to Private Health Insurance (PHI) plans on behalf of their employees (Table 3).

One mechanism that employers use to pass costs on to employees is by means of increasing their portion of health insurance premiums or changes in plan structure. Since 2000, the share of employer-sponsored PHI premiums paid by private businesses has declined almost 3 percentage points, from 74.7 percent to 71.3 percent in 2007 (Table 4). In comparison, federal and state and local governments have generally maintained their

contribution levels at around 72 to 73 percent and 79 to 80 percent, respectively, since 2000.

Households

In 1987, households paid 40 percent of HSS and were the largest sponsors of health care (Table 3). By 1997, the household share of HSS spending fell to 33 percent, and in 2007, its share fell again to 31 percent. The decline in the share households paid from 1987 to 1997 was primarily due to increased enrollment in managed care plans, which tended to have lower cost sharing (out-of-pocket) requirements and lower premiums. The further drop in the household share between 1997 and 2007 can be partially explained by the continued decline in the proportion of health care paid for out-of-pocket by consumers.

The reduction in share of household spending in 2007 is partly attributable to the one-time effect of Medicare Part D. In 2006, households experienced growth of 26 percent for premiums paid to Medicare due the addition of Part D premiums (Table 2). A partial offset to this growth was the slowdown in out-of-pocket expenditures due in part to the reduction in out-of-pocket spending for prescription drugs, also a result of Medicare prescription drug coverage under Part D. In 2007, growth in out-of-pocket spending was 5.3 percent. Although out-of-pocket spending increased at a slightly faster rate than in 2006 (3.3 percent), total household spending growth decelerated from 7.9 percent in 2006 to 5.9 percent in 2007, largely a result of a deceleration in premiums paid to Medicare and PHI in 2007.

Governments

Growth in health care spending by governments decelerated in 2007, from 7.8 percent to 6.7 percent, but its share of total health spending has remained unchanged since 2005, at 40 percent. While growth in federal government spending decelerated (from 10.1 percent in 2006 to 7.0 percent in 2007), state and local government health care spending growth accelerated (from 4.9 percent in 2006 to 6.3 percent in 2007) (Table 2).

Between 2001 and 2007, federal government health care spending grew at an average annual rate of 9.8 percent, outpacing the growth of all other sponsors. This was primarily due to the acceleration of the federal portion of Medicare costs, or general revenue spending, which grew at an average annual rate of 16.5 percent between 2001 and 2007.¹ As a share of total Medicare expenditures, general revenue spending increased from 36 percent in 2005 to 40 percent in 2006 as the full Medicare Part D prescription drug benefit was implemented; this share remained steady at 40 percent in 2007 (Table 5).

Historically, the federal share of Medicaid has accounted for the largest share of federal government spending on health. In 1999 and 2000, Medicaid's spending was about half of all federal government health spending. Growth in federal Medicaid spending accelerated in 2001 as the recession of 2001 caused substantial Medicaid funding problems for state governments, prompting Congress to temporarily increase the federal government share of Medicaid spending in an effort to aid states (Table 2). Growth began to decelerate in 2002, accompanied by a steady decrease in Medicaid's share of federal government health spending.

State and local government spending on health grew 7.7 percent, on average, between 2001 and 2007, and is influenced primarily by spending for Medicaid and other programs. The state portion of Medicaid accounted for the largest share of state and local government health spending, at 41 percent in 2007. State and local Medicaid spending growth slowed significantly to 1.0 percent in 2006 but accelerated 6.6 percent in 2007 (Table 2). Other state and local programs, which include state phase-down payments to the Medicare program under Part D, grew 7.3 percent in 2007 following growth of 13.2 percent in 2006. Although the effects of new prescription drug coverage for dually-eligible Medicaid enrollees caused shifts in spending between the Medicaid program and other state and local programs in 2006, overall, the share of state and local government spending to total health care services has remained stable (17 percent) since 2001 (Table 3).

Impact of Part D on the Federal Government

From 2005 through 2007, the Medicare and Medicaid programs together accounted for between a 73 and 74 percent share of total federal health spending. However, when examining trends separately for Medicare and Medicaid's share of federal health spending, the effects of the Medicare Part D program become more evident.

From 2005 to 2006, Medicare's share of federal spending on health increased from 29 to 34 percent, and then ticked up slightly again in 2007 to 35 percent. The Medicaid program's share of federal government health spending, however, fell from 44 percent in 2005 to 40 percent in 2006, and remained steady at 40 percent in 2007. The drop in Medicaid's share of federal government spending in 2006 was an offset to Medicare's increase, as prescription drug funding for dually eligible beneficiaries shifted from Medicaid to Medicare. With the implementation of Part D in 2006, federal Medicaid spending fell for the first time in program history as federal prescription drug spending paid for by the Medicaid program was reduced by over \$10 billion.

Burden of Health Costs

Until now, trends in business, household, and government spending have been analyzed in relation to total health care spending. To measure the burden that these expenditures place on these entities, we examine the ability of the entities to pay for health care using measures of businesses' total compensation, and households' and governments' income or revenues. As health care cost burdens change, the decisions made by businesses and households are altered, as are policy responses by government.

For private businesses, health care spending can be compared to total employee compensation or aggregate private wages and salaries as an approximation of burden. In 2007, business health care spending as a share of total employee compensation was 8.2 percent, and business spending as a share of private wages and salaries was 9.8 percent. While both of these shares have remained relatively stable since 2003, they are higher than their respective shares in 1987 (Figure 1).

To measure the burden on households, health care spending can be analyzed as a share of adjusted personal income.² Households are responsible for paying for health insurance premiums and out-of-pocket costs, such as co-payments and deductibles. This share has

remained fairly flat since 2003 at slightly below or at 6 percent, as health spending by households increased only at a slightly higher average annual rate from 2003 to 2007 than personal income (6.4 percent vs. 6.1 percent, respectively) (Figure 2).

For governments (both federal and state and local), comparing health spending to revenues is one measure of burden. The share of federal revenues funding health care almost doubled from 17 percent in 2000 to 32 percent in 2004, as spending on Medicaid and federal employee health plans increased, while at the same time the 2001 recession and tax cuts contributed to lower growth in federal revenues (Figure 3).³ This share declined to 29 percent in 2005 and to 28 percent in 2006, as the economy rebounded and tax revenues accelerated. In 2007, the share of federal spending to revenues remained steady at 28 percent. For state and local governments, health spending as a share of revenues was approximately 24 percent in 2007—a share that has remained relatively stable since 2003 but is higher than the 20 percent share in 2000.⁴

¹The difference between total program outlays and dedicated financing sources of Medicare equals general revenue spending. General revenue spending includes any assets (or surpluses) of the Medicare Hospital Insurance (HI) trust fund, which are recorded as special interest bearing treasury obligations, and are used to help offset these differences.

² Adjustments to personal income include the addition of contributions to social insurance for Medicare, since they are included in individuals' health spending, and the exclusion of health benefit paid by government programs.

³ Federal revenues are federal receipts minus contributions for government social insurance.

⁴ State and local revenues are state and local receipts minus contributions for government social insurance, plus federal grants-in-aid.

Table 1
Expenditures for Health Services and Supplies, by Type of Payer: United States,
Calendar Years 1987-2007
(amounts in billions)

Type of Sponsor	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Health Services and Supplies	\$477.8	\$534.7	\$596.0	\$666.8	\$731.5	\$793.7	\$853.1	\$900.2	\$952.5	\$1,002.5	\$1,053.8	\$1,110.9	\$1,179.7	\$1,264.4	\$1,375.9	\$1,498.3	\$1,623.1	\$1,733.1	\$1,850.4	\$1,976.1	\$2,098.1
Business, Households and Other Private Revenues	333.4	377.0	417.1	457.0	489.8	520.0	545.3	568.1	602.4	631.5	667.6	718.3	766.7	821.1	868.6	927.6	993.5	1050.6	1114.9	1183.2	1252.3
Private Business	122.1	137.8	157.4	177.3	190.5	205.3	218.8	230.7	243.4	259.2	265.9	286.2	313.4	342.3	368.1	390.4	418.1	443.5	472.2	490.4	518.0
Employer Contribution to Private Health Insurance Premiums	84.2	96.3	112.3	128.6	137.0	147.9	158.3	165.7	175.8	188.7	191.4	207.3	229.1	250.9	271.7	293.4	319.2	338.5	362.1	375.4	398.4
Employer Contribution to Medicare Hospital Insurance Trust Fund	24.6	26.2	28.0	29.4	32.7	34.4	35.8	40.5	43.1	45.8	49.5	53.8	57.6	62.3	63.3	63.0	64.6	68.6	72.7	77.4	81.6
Workers compensation and temporary disability insurance and Industrial inplant health services	13.3	15.3	17.1	19.3	20.8	23.1	24.7	24.5	24.5	24.8	25.0	25.0	26.7	29.1	33.0	34.0	34.3	36.4	37.4	37.6	38.0
Household	188.9	213.0	232.5	250.9	268.0	281.0	290.6	299.9	317.5	327.7	353.0	379.8	398.8	425.1	447.3	482.3	515.3	546.1	577.9	623.4	660.3
Employee Contribution to Private Health Insurance Premiums and Individual Policy Premiums	43.9	53.7	62.0	69.0	77.8	83.7	89.9	92.0	99.0	101.5	112.3	119.8	123.7	133.6	146.8	167.0	182.7	195.2	205.2	224.5	238.6
Employee and Self-Employment Contributions and Voluntary Premiums Paid to Medicare Hospital Insurance Trust Fund ¹	29.5	31.5	33.7	35.6	39.8	41.9	43.7	50.7	56.0	59.3	63.0	69.2	75.1	82.6	82.9	84.3	86.3	91.4	96.7	107.2	113.0
Premiums Paid by Individuals to Medicare Supplementary Medical Insurance Trust Fund	6.2	8.7	11.2	10.1	10.3	12.1	11.9	14.4	16.4	15.1	15.5	15.5	16.3	16.3	18.1	19.8	21.7	24.6	29.0	36.7	40.2
Out-of-pocket Health Spending	109.2	119.1	125.5	136.2	140.1	143.3	145.1	142.8	146.1	151.8	162.1	175.2	183.7	192.6	199.5	211.2	224.6	234.9	247.0	255.0	268.6
Other Private Revenues	22.4	26.2	27.3	28.8	31.3	33.7	36.0	37.5	41.5	44.6	48.7	52.4	54.5	53.8	53.2	54.8	60.1	61.0	64.8	69.4	74.1
Governments	144.4	157.7	178.9	209.8	241.7	273.7	307.8	332.1	350.1	371.0	386.3	392.5	413.0	443.3	507.4	570.7	629.6	682.5	735.5	792.9	845.8
Federal government	73.9	79.8	92.1	110.7	130.9	154.3	176.3	185.9	197.3	213.2	220.0	214.5	221.2	235.8	277.3	317.1	353.7	387.0	412.6	454.3	485.9
Employer Contribution to Private Health Insurance Premiums	4.9	6.4	8.1	9.9	9.8	10.7	11.5	11.9	11.4	11.3	11.4	11.4	13.2	14.3	15.8	17.7	19.7	21.6	23.1	24.3	25.5
Employer Contribution to Medicare Hospital Insurance Trust Fund	1.7	1.8	1.9	2.0	2.2	2.2	2.3	2.4	2.3	2.4	2.4	2.5	2.5	2.7	2.7	2.9	3.1	3.3	3.3	3.4	3.6
Adjusted Medicare ²	16.9	16.1	21.0	27.1	29.6	38.9	49.0	51.6	57.6	66.8	69.9	57.8	50.2	48.9	67.6	81.1	92.6	107.5	119.7	156.4	169.0
Health Program Expenditures (Excluding Medicare)	50.4	55.4	61.1	71.7	89.3	102.5	113.5	120.1	126.0	132.7	136.2	142.8	155.3	170.0	191.1	215.4	238.2	254.6	266.4	270.2	287.8
Medicaid ³	28.1	31.4	35.8	43.2	57.6	69.0	78.1	83.0	88.1	94.1	97.3	101.7	110.3	119.7	134.6	149.9	163.8	175.1	182.8	180.5	192.2
Other Programs ⁴	22.3	24.0	25.3	28.5	31.7	33.5	35.4	37.1	37.9	38.6	38.9	41.2	45.0	50.3	56.5	65.5	74.4	79.5	83.6	89.7	95.6
State and local government	70.5	77.9	86.7	99.0	110.8	119.4	131.5	146.2	152.8	157.8	166.3	178.1	191.8	207.5	230.1	253.6	276.0	295.5	322.9	338.6	359.9
Employer Contribution to Private Health Insurance Premiums	16.0	19.1	22.2	26.2	29.9	32.4	35.8	38.4	38.8	41.0	43.9	46.1	50.7	55.9	63.3	73.1	82.1	90.6	99.5	103.3	108.5
Employer Contribution to Medicare Hospital Insurance Trust Fund	3.1	3.4	3.8	4.1	4.5	4.8	5.0	5.3	5.6	5.9	6.2	6.6	7.0	7.5	8.0	8.4	8.7	9.1	9.4	9.9	10.5
Health Expenditures by Program	51.4	55.4	60.8	68.8	76.5	82.3	90.8	102.4	108.4	110.8	116.2	125.4	134.1	144.1	158.8	172.2	185.2	195.9	214.0	225.5	240.9
Medicaid ³	22.8	24.4	27.1	31.6	37.2	41.0	46.5	54.3	60.1	61.6	64.9	71.1	77.4	85.1	94.3	103.6	112.2	122.1	137.2	138.5	147.6
Other Programs ⁵	28.6	31.1	33.7	37.2	39.3	41.3	44.2	48.1	48.3	49.3	51.3	54.3	56.6	59.0	64.4	68.6	73.1	73.8	76.8	86.9	93.2

¹ Includes one-half of self-employment contribution to Medicare Hospital Insurance Trust Fund and taxation of Social Security benefits.

² Excludes Medicaid buy-in premiums for Medicare. Includes RDS payments to private and state and local plans.

³ Includes Medicaid buy-in premiums for Medicare.

⁴ Includes maternal and child health, vocational rehabilitation, Substance Abuse and Mental Health Services Administration, Indian Health Service, Office of Economic Opportunity (1965-74), Federal workers' compensation, and other miscellaneous general hospital and medical programs, public health activities, Department of Defense, Department of Veterans Affairs, and State Children's Health Program (SCHIP)

⁵ Includes other public and general assistance, maternal and child health, vocational rehabilitation, public health activities, hospital subsidies, and state phase-down payments.

SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group

Table 2
Expenditures for Health Services and Supplies, by Type of Payer: United States,
Calendar Years 1988-2007
(percent change)

Type of Sponsor	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Health Services and Supplies	11.9%	11.5%	11.9%	9.7%	8.5%	7.5%	5.5%	5.8%	5.2%	5.1%	5.4%	6.2%	7.2%	8.8%	8.9%	8.3%	6.8%	6.8%	6.8%	6.2%
Business, Households and Other Private Revenues	13.1	10.7	9.6	7.2	6.2	4.9	4.2	6.0	4.8	5.7	7.6	6.7	7.1	5.8	6.8	7.1	5.7	6.1	6.1	5.8
Private Business	12.8	14.2	12.7	7.5	7.8	6.6	5.4	5.5	6.5	2.6	7.6	9.5	9.2	7.5	6.1	7.1	6.1	6.5	3.9	5.6
Employer Contribution to Private Health Insurance Premiums	14.4	16.6	14.6	6.5	7.9	7.0	4.7	6.1	7.3	1.4	8.3	10.5	9.5	8.3	8.0	8.8	6.0	7.0	3.6	6.1
Employer Contribution to Medicare Hospital Insurance Trust Fund	6.5	6.7	5.0	11.4	5.0	4.2	13.0	6.6	6.1	8.2	8.7	7.0	8.2	1.7	-0.4	2.5	6.2	6.0	6.6	5.4
Workers compensation and temporary disability insurance and Industrial inplant health services	14.6	12.0	12.6	7.9	10.9	7.2	-0.8	-0.2	1.2	1.0	0.1	6.6	8.9	13.7	3.1	0.8	6.1	2.7	0.6	1.0
Household	12.8	9.1	7.9	6.8	4.8	3.4	3.2	5.9	3.2	7.7	7.6	5.0	6.6	5.2	7.8	6.8	6.0	5.8	7.9	5.9
Employee Contribution to Private Health Insurance Premiums and Individual Policy Premiums	22.2	15.5	11.3	12.7	7.6	7.4	2.4	7.7	2.5	10.7	6.6	3.3	7.9	9.9	13.8	9.4	6.9	5.1	9.4	6.2
Employee and Self-Employment Contributions and Voluntary Premiums Paid to Medicare Hospital Insurance Trust Fund ¹	6.7	7.1	5.7	11.7	5.2	4.5	15.9	10.4	5.9	6.3	9.8	8.5	10.0	0.4	1.7	2.4	5.8	5.8	10.9	5.4
Premiums Paid by Individuals to Medicare Supplementary Medical Insurance Trust Fund	41.4	28.8	-10.0	2.0	17.1	-1.6	21.0	14.1	-7.7	2.4	0.2	5.0	0.0	10.8	9.8	9.2	13.6	17.9	26.4	9.4
Out-of-pocket Health Spending	9.0	5.4	8.5	2.9	2.3	1.2	-1.6	2.3	3.9	6.8	8.1	4.8	4.8	3.6	5.8	6.4	4.6	5.2	3.3	5.3
Other Private Revenues	16.9	4.4	5.5	8.5	7.8	6.7	4.3	10.6	7.4	9.2	7.6	4.0	-1.4	-1.1	3.0	9.6	1.6	6.2	7.0	6.8
Governments	9.2	13.4	17.3	15.2	13.3	12.5	7.9	5.4	5.9	4.1	1.6	5.2	7.3	14.4	12.5	10.3	8.4	7.8	7.8	6.7
Federal government	7.9	15.5	20.2	18.2	17.9	14.2	5.5	6.1	8.1	3.2	-2.5	3.2	6.6	17.6	14.4	11.5	9.4	6.6	10.1	7.0
Employer Contribution to Private Health Insurance Premiums	32.1	26.0	22.1	-0.8	9.0	7.8	3.5	-4.4	-0.3	0.5	0.2	15.7	8.2	10.2	12.1	11.6	9.4	7.3	5.0	5.0
Employer Contribution to Medicare Hospital Insurance Trust Fund	6.3	5.9	4.9	7.3	2.7	1.1	3.9	-0.1	1.6	1.7	1.1	3.1	5.0	2.8	6.8	6.0	5.8	2.3	2.3	4.1
Adjusted Medicare ²	-4.7	30.6	28.8	9.0	31.6	26.0	5.4	11.5	15.9	4.7	-17.4	-13.1	-2.6	38.5	19.9	14.2	16.1	11.3	30.6	8.1
Health Program Expenditures (Excluding Medicare)	9.9	10.2	17.4	24.6	14.7	10.7	5.8	4.9	5.3	2.7	4.8	8.7	9.5	12.4	12.7	10.6	6.9	4.6	1.4	6.5
Medicaid ³	11.8	14.0	20.6	33.4	19.8	13.1	6.2	6.2	6.8	3.4	4.4	8.5	8.5	12.4	11.4	9.3	6.9	4.4	-1.2	6.5
Other Programs ⁴	7.5	5.1	12.8	11.4	5.5	5.7	4.8	2.1	1.8	0.8	5.8	9.4	11.7	12.5	15.9	13.5	6.9	5.1	7.3	6.6
State and local government	10.6	11.3	14.2	11.9	7.8	10.2	11.1	4.6	3.2	5.4	7.1	7.7	8.2	10.9	10.2	8.8	7.1	9.3	4.9	6.3
Employer Contribution to Private Health Insurance Premiums	19.4	16.3	18.0	14.1	8.4	10.5	7.5	1.0	5.7	6.9	5.1	9.9	10.3	13.2	15.4	12.3	10.4	9.8	3.8	5.1
Employer Contribution to Medicare Hospital Insurance Trust Fund	9.1	9.8	9.4	9.0	6.2	4.9	6.8	5.5	4.5	5.5	5.6	6.7	6.9	6.9	5.2	3.3	4.3	4.0	4.9	6.7
Health Expenditures by Program	7.9	9.6	13.1	11.2	7.6	10.3	12.8	5.8	2.3	4.8	7.9	6.9	7.5	10.2	8.4	7.6	5.7	9.2	5.4	6.8
Medicaid ³	6.9	11.3	16.5	17.8	10.2	13.6	16.7	10.7	2.5	5.4	9.5	9.0	9.8	10.9	9.8	8.3	8.9	12.4	1.0	6.6
Other Programs ⁵	8.7	8.3	10.5	5.6	5.2	7.1	8.8	0.4	2.0	4.1	5.9	4.2	4.3	9.1	6.4	6.6	1.0	4.1	13.2	7.3

¹ Includes one-half of self-employment contribution to Medicare Hospital Insurance Trust Fund and taxation of Social Security benefits.

² Excludes Medicaid buy-in premiums for Medicare. Includes RDS payments to private and state and local plans.

³ Includes Medicaid buy-in premiums for Medicare.

⁴ Includes maternal and child health, vocational rehabilitation, Substance Abuse and Mental Health Services Administration, Indian Health Service, Office of Economic Opportunity (1965-74), Federal workers' compensation, and other miscellaneous general hospital and medical programs, public health activities, Department of Defense, Department of Veterans Affairs, and State Children's Health Program (SCHIP)

⁵ Includes other public and general assistance, maternal and child health, vocational rehabilitation, public health activities, hospital subsidies, and state phase-down payments.

SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group

Table 3
Expenditures for Health Services and Supplies, by Type of Payer: United States,
Calendar Years 1987-2007
(percent distribution)

Type of Sponsor	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Health Services and Supplies	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Business, Households and Other Private Revenues	70	70	70	69	67	66	64	63	63	63	63	65	65	65	63	62	61	61	60	60	60
Private Business	26	26	26	27	26	26	26	26	26	26	25	26	27	27	27	26	26	26	26	25	25
Employer Contribution to Private Health Insurance Premiums	69	70	71	73	72	72	72	72	72	73	72	72	73	73	74	75	76	76	77	77	77
Employer Contribution to Medicare Hospital Insurance Trust Fund	20	19	18	17	17	17	16	18	18	18	19	19	18	18	17	16	15	15	15	16	16
Workers compensation and temporary disability insurance and Industrial inplant health services	11	11	11	11	11	11	11	11	10	10	9	9	9	8	9	9	8	8	8	8	7
Household	40	40	39	38	37	35	34	33	33	33	33	34	34	34	33	32	32	32	31	32	31
Employee Contribution to Private Health Insurance Premiums and Individual Policy Premiums	23	25	27	28	29	30	31	31	31	31	32	32	31	31	33	35	35	36	36	36	36
Employee and Self-Employment Contributions and Voluntary Premiums Paid to Medicare Hospital Insurance Trust Fund ¹	16	15	15	14	15	15	15	17	18	18	18	18	19	19	19	17	17	17	17	17	17
Premiums Paid by Individuals to Medicare Supplementary Medical Insurance Trust Fund	3	4	5	4	4	4	4	5	5	5	4	4	4	4	4	4	4	5	5	6	6
Out-of-pocket Health Spending	58	56	54	54	52	51	50	48	46	46	46	46	46	45	45	44	44	43	43	41	41
Other Private Revenues	5	5	5	4	4	4	4	4	4	4	5	5	5	4	4	4	4	4	4	4	4
Governments	30	30	30	31	33	34	36	37	37	37	37	35	35	35	37	38	39	39	40	40	40
Federal government	15	15	15	17	18	19	21	21	21	21	21	19	19	19	20	21	22	22	22	23	23
Employer Contribution to Private Health Insurance Premiums	7	8	9	9	7	7	7	6	6	5	5	5	6	6	6	6	6	6	6	5	5
Employer Contribution to Medicare Hospital Insurance Trust Fund	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Adjusted Medicare ²	23	20	23	24	23	25	28	28	29	31	32	27	23	21	24	26	26	28	29	34	35
Health Program Expenditures (Excluding Medicare)	68	69	66	65	68	66	64	65	64	62	62	67	70	72	69	68	67	66	65	59	59
Medicaid ³	38	39	39	39	44	45	44	45	45	44	44	47	50	51	49	47	46	45	44	40	40
Other Programs ⁴	30	30	27	26	24	22	20	20	19	18	18	19	20	21	20	21	21	21	20	20	20
State and local government	15	15	15	15	15	15	15	16	16	16	16	16	16	16	17	17	17	17	17	17	17
Employer Contribution to Private Health Insurance Premiums	23	24	26	26	27	27	27	26	25	26	26	26	26	27	28	29	30	31	31	30	30
Employer Contribution to Medicare Hospital Insurance Trust Fund	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	3	3	3	3	3	3
Health Expenditures by Program	73	71	70	69	69	69	69	70	71	70	70	70	70	69	69	68	67	66	66	67	67
Medicaid ³	32	31	31	32	34	34	35	37	39	39	39	40	40	41	41	41	41	41	42	41	41
Other Programs ⁵	41	40	39	38	35	35	34	33	32	31	31	30	30	28	28	27	26	25	24	26	26

¹ Includes one-half of self-employment contribution to Medicare Hospital Insurance Trust Fund and taxation of Social Security benefits.

² Excludes Medicaid buy-in premiums for Medicare. Includes RDS payments to private and state and local plans.

³ Includes Medicaid buy-in premiums for Medicare.

⁴ Includes maternal and child health, vocational rehabilitation, Substance Abuse and Mental Health Services Administration, Indian Health Service, Office of Economic Opportunity (1965-74), Federal workers' compensation, and other miscellaneous general hospital and medical programs, public health activities, Department of Defense, Department of Veterans Affairs, and State Children's Health Program (SCHIP)

⁵ Includes other public and general assistance, maternal and child health, vocational rehabilitation, public health activities, hospital subsidies, and state phase-down payments.

SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group

Table 4
Expenditures for Private Health Insurance, by Sponsor: United States, Selected Calendar Years 1987-2007

Sponsor	1987	1992	1997	2000	2001	2002	2003	2004	2005	2006	2007
			Amount in Billions								
Total Private Health Insurance Premiums ¹	\$149.0	\$274.6	\$359.0	\$454.7	\$497.6	\$551.1	\$603.7	\$645.9	\$690.0	\$727.5	\$771.0
Employer Sponsored Private Health Insurance Premiums	136.6	252.5	335.0	426.2	467.6	517.2	566.4	608.4	653.9	688.0	730.0
Employer Contribution to Private Health Insurance Premiums	105.0	191.0	246.7	321.2	350.9	384.1	421.0	450.7	484.8	502.9	532.4
Federal	4.9	10.7	11.4	14.3	15.8	17.7	19.7	21.6	23.1	24.3	25.5
Nonfederal	100.2	180.3	235.3	306.9	335.1	366.4	401.3	429.1	461.6	478.6	506.9
Private	84.2	147.9	191.4	250.9	271.7	293.4	319.2	338.5	362.1	375.4	398.4
State and Local	16.0	32.4	43.9	55.9	63.3	73.1	82.1	90.6	99.5	103.3	108.5
Employee Contribution to Private Health Insurance Premiums	31.5	61.6	88.4	105.0	116.8	133.1	145.4	157.7	169.1	185.1	197.7
Federal	2.4	3.5	4.1	5.3	5.9	6.6	7.3	8.0	8.4	9.2	10.0
Nonfederal	29.1	58.0	84.3	99.8	110.9	126.5	138.0	149.8	160.7	175.9	187.7
Private	24.9	49.5	71.8	85.1	94.4	107.9	118.2	128.4	136.8	150.3	160.3
State and Local	4.2	8.5	12.4	14.7	16.4	18.6	19.8	21.4	23.9	25.7	27.4
Individual Policy Premiums	12.4	22.1	24.0	28.5	30.0	33.9	37.3	37.5	36.1	39.4	40.9
Number of Enrollees (In Millions)	181.4	184.7	188.1	197.2	196.1	195.3	194.3	195.4	195.6	196.1	196.4
Per Enrollee Estimates of Private Health Insurance (In Dollars)	\$821.3	\$1,487.3	\$1,908.6	\$2,306.1	\$2,537.4	\$2,821.4	\$3,106.3	\$3,305.9	\$3,527.5	\$3,709.3	\$3,925.3
			Percent Growth								
Total Private Health Insurance Premiums ¹		13.0%	5.5%	8.2%	9.4%	10.7%	9.5%	7.0%	6.8%	5.4%	6.0%
Employer Sponsored Private Health Insurance Premiums		13.1	5.8	8.4	9.7	10.6	9.5	7.4	7.5	5.2	6.1
Employer Contribution to Private Health Insurance Premiums		12.7	5.3	9.2	9.2	9.5	9.6	7.0	7.6	3.7	5.9
Federal		17.1	1.3	7.8	10.2	12.1	11.6	9.4	7.3	5.0	5.0
Nonfederal		12.5	5.5	9.3	9.2	9.4	9.5	6.9	7.6	3.7	5.9
Private		11.9	5.3	9.4	8.3	8.0	8.8	6.0	7.0	3.6	6.1
State and Local		15.2	6.3	8.4	13.2	15.4	12.3	10.4	9.8	3.8	5.1
Employee Contribution to Private Health Insurance Premiums		14.3	7.5	5.9	11.2	14.0	9.2	8.5	7.2	9.5	6.8
Federal		8.0	3.0	8.7	12.3	11.4	11.2	8.3	5.6	9.0	9.0
Nonfederal		14.8	7.7	5.8	11.1	14.1	9.1	8.5	7.3	9.5	6.7
Private		14.8	7.7	5.8	11.0	14.3	9.5	8.6	6.5	9.9	6.7
State and Local		15.0	7.9	5.6	12.1	13.0	6.8	7.7	12.0	7.3	6.7
Individual Policy Premiums		12.2	1.6	6.0	5.2	13.1	10.0	0.4	-3.6	9.2	3.7
Number of Enrollees		0.4	0.4	1.6	-0.5	-0.4	-0.5	0.5	0.1	0.3	0.1
Per Enrollee Estimates of Private Health Insurance		12.6	5.1	6.5	10.0	11.2	10.1	6.4	6.7	5.2	5.8
		Employer Share of Employer Sponsored Health Insurance									
Employer-Sponsored Private Health Insurance	76.9%	75.6%	73.6%	75.4%	75.0%	74.3%	74.3%	74.1%	74.1%	73.1%	72.9%
Federal	66.9	75.1	73.5	73.0	72.7	72.8	72.9	73.1	73.4	72.6	71.9
Private	77.2	74.9	72.7	74.7	74.2	73.1	73.0	72.5	72.6	71.4	71.3
State and Local	79.1	79.1	77.9	79.2	79.4	79.7	80.5	80.9	80.6	80.1	79.8

SOURCE :Centers for Medicare & Medicaid Services, Office of the Actuary: National Health Statistics Group and Office of Personnel Management.

¹ Does not include the Retiree Drug Subsidy (RDS) payments from Medicare to private and state and local plans.

Table 5
Expenditures for Medicare by Sponsor: United States, Selected Calendar Years 1987-2007

Sponsor Category	1987	1992	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Billions												
Medicare ¹	\$82.1	\$134.2	\$206.6	\$205.3	\$208.6	\$220.1	\$242.7	\$259.6	\$277.0	\$304.4	\$330.9	\$391.0	\$417.9
Private Businesses-- Employer Medicare HI Trust Fund Payroll Taxes ²	24.6	34.4	49.5	53.8	57.6	62.3	63.3	63.0	64.6	68.6	72.7	77.4	81.6
Households	35.7	53.9	78.5	84.7	91.4	98.9	101.0	104.2	108.0	116.0	125.7	143.9	153.1
Employee Payroll Taxes and Voluntary Premiums Paid to HI Trust Fund ^{2,3}	29.5	41.9	63.0	69.2	75.1	82.6	82.9	84.3	86.3	91.4	96.7	107.2	113.0
Premiums paid by Individuals to Medicare SMI Trust Fund (includes Part-D)	6.2	12.1	15.5	15.5	16.3	16.3	18.1	19.8	21.7	24.6	29.0	36.7	40.2
Federal Government	18.6	41.1	72.3	60.2	52.7	51.5	70.4	84.0	95.7	110.8	123.1	159.8	172.6
Employer Medicare HI Trust Fund Payroll Taxes	1.7	2.2	2.4	2.5	2.5	2.7	2.7	2.9	3.1	3.3	3.3	3.4	3.6
Spending from General Revenues ⁴	16.9	38.9	69.9	57.8	50.2	48.9	67.6	81.1	92.6	107.5	119.7	156.4	169.0
State and Local Government--Employer Medicare HI Trust Fund Payroll Taxes	3.1	4.8	6.2	6.6	7.0	7.5	8.0	8.4	8.7	9.1	9.4	9.9	10.5
	Percent Distribution												
Medicare ¹	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Private Businesses-- Employer Medicare HI Trust Fund Payroll Taxes ²	30	26	24	26	28	28	26	24	23	23	22	20	20
Households	43	40	38	41	44	45	42	40	39	38	38	37	37
Employee Payroll Taxes and Voluntary Premiums Paid to HI Trust Fund ^{2,3}	36	31	31	34	36	38	34	32	31	30	29	27	27
Premiums paid by Individuals to Medicare SMI Trust Fund (includes Part-D)	8	9	8	8	8	7	7	8	8	8	9	9	10
Federal Government	23	31	35	29	25	23	29	32	35	36	37	41	41
Employer Medicare HI Trust Fund Payroll Taxes	2	2	1	1	1	1	1	1	1	1	1	1	1
Spending from General Revenues ⁴	21	29	34	28	24	22	28	31	33	35	36	40	40
State and Local Government--Employer Medicare HI Trust Fund Payroll Taxes	4	4	3	3	3	3	3	3	3	3	3	3	3
	Percent Growth from Previous Year Shown												
Medicare ¹		10.3%	9.0%	6.8%	4.8%	4.0%	10.2%	7.0%	6.7%	9.9%	8.7%	18.2%	6.9%
Private Businesses-- Employer Medicare HI Trust Fund Payroll Taxes ²		6.9%	7.6%	8.5%	7.3%	7.6%	1.7%	-0.4%	2.5%	6.2%	6.0%	6.6%	5.4%
Households		8.6%	7.8%	8.8%	7.0%	6.4%	2.2%	3.1%	3.7%	7.4%	8.4%	14.5%	6.4%
Employee Payroll Taxes and Voluntary Premiums Paid to HI Trust Fund ^{2,3}		7.2%	8.5%	9.6%	8.2%	8.1%	0.4%	1.7%	2.4%	5.8%	5.8%	10.9%	5.4%
Premiums paid by Individuals to Medicare SMI Trust Fund (includes Part-D)		14.4%	5.1%	5.5%	2.6%	-0.1%	10.8%	9.8%	9.2%	13.6%	17.9%	26.4%	9.4%
Federal Government		17.2%	12.0%	3.3%	-0.5%	-3.0%	36.6%	19.4%	13.9%	15.8%	11.1%	29.9%	8.0%
Employer Medicare HI Trust Fund Payroll Taxes		5.4%	1.6%	1.6%	1.5%	2.5%	2.8%	6.8%	6.0%	5.8%	2.3%	2.3%	4.1%
Spending from General Revenues ⁴		18.1%	12.5%	3.3%	-0.6%	-3.2%	38.5%	19.9%	14.2%	16.1%	11.3%	30.6%	8.1%
State and Local Government--Employer Medicare HI Trust Fund Payroll Taxes		8.7%	5.5%	5.6%	5.6%	5.8%	6.9%	5.2%	3.3%	4.3%	4.0%	4.9%	6.7%

¹ Medicaid buy-ins for Medicare eligibles are allocated to Medicaid. In the traditional National Health Expenditure Accounts (NHEA), they are included with Medicare. State phase-down payments are reallocated from Medicare to state and local governments.

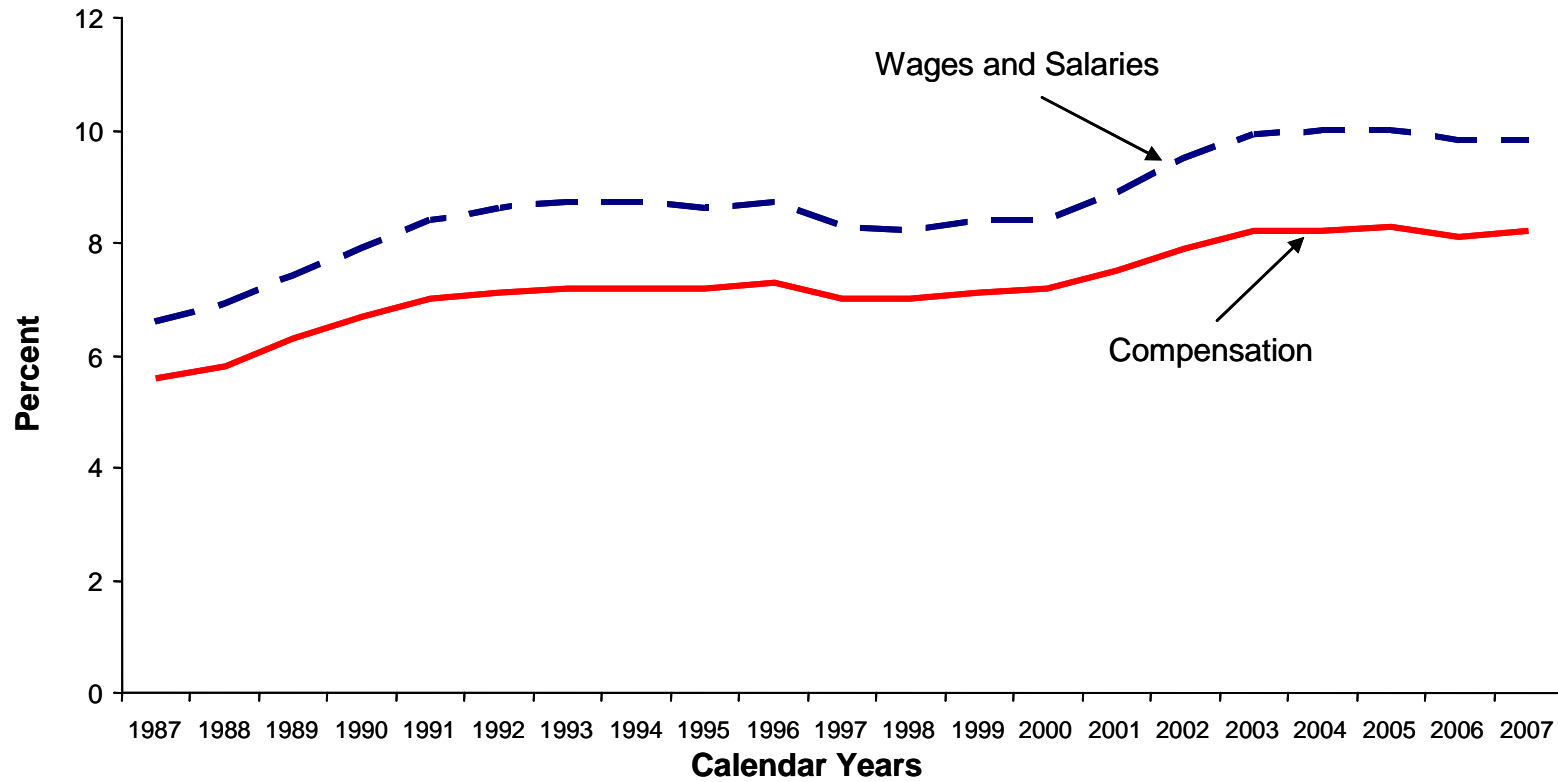
² Includes one-half of self-employment contribution to Medicare Hospital Insurance Trust Fund.

³ Includes Trust Fund revenues from the income taxation of Social Security benefits.

⁴ Equal to the difference between total outlays and the dedicated financing sources of Medicare. Includes the Retiree Drug Subsidy (RDS) payments to private and state and local plans.

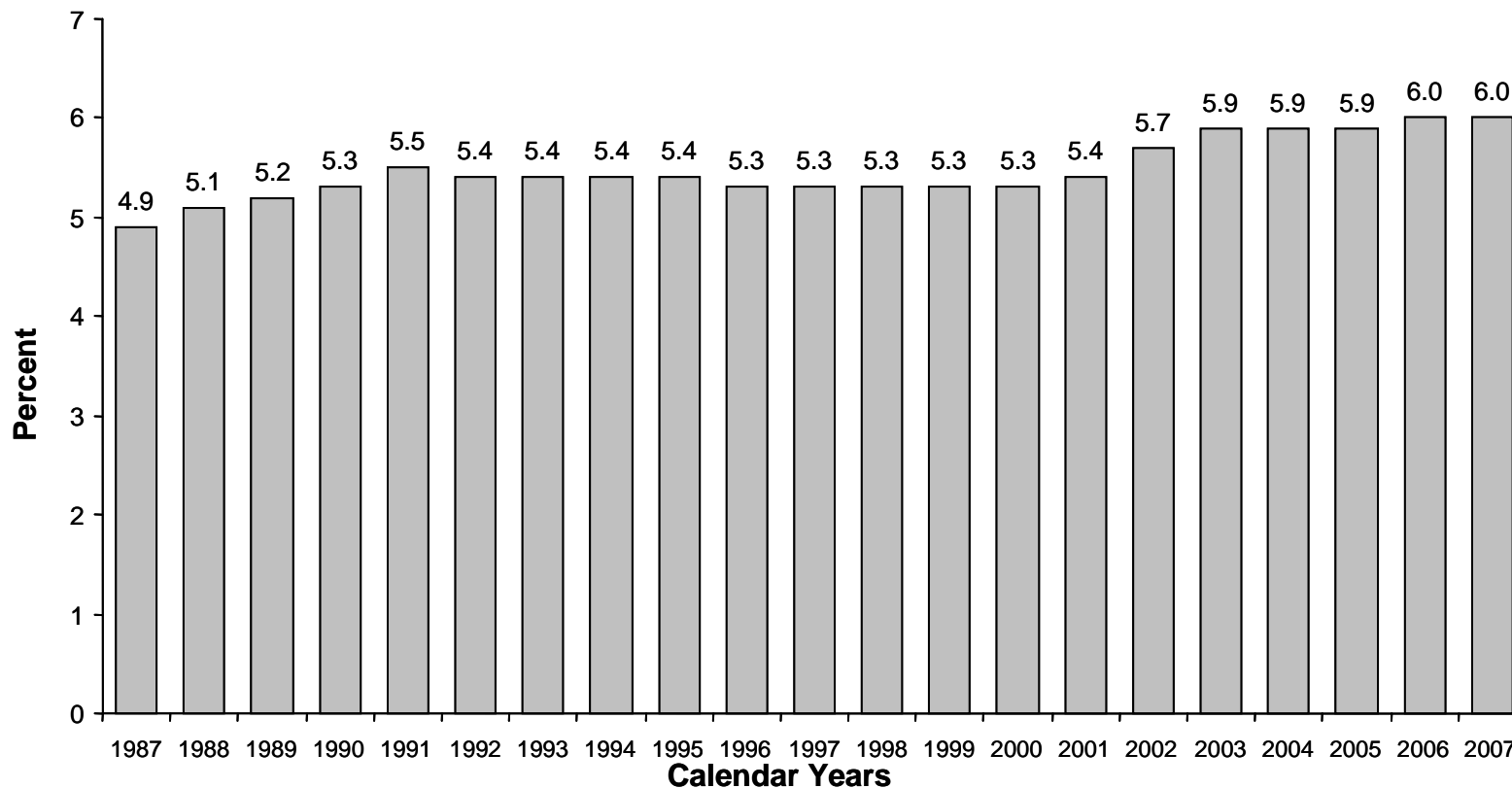
Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

Figure 1
Business Health Spending as a Percent of Compensation, and Wages and Salaries: Calendar Years 1987 -2007



Sources:Centers for Medicare & Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group, 1987-2007; U.S. Department of Commerce, Bureau of Economic Analysis, August, 2008.

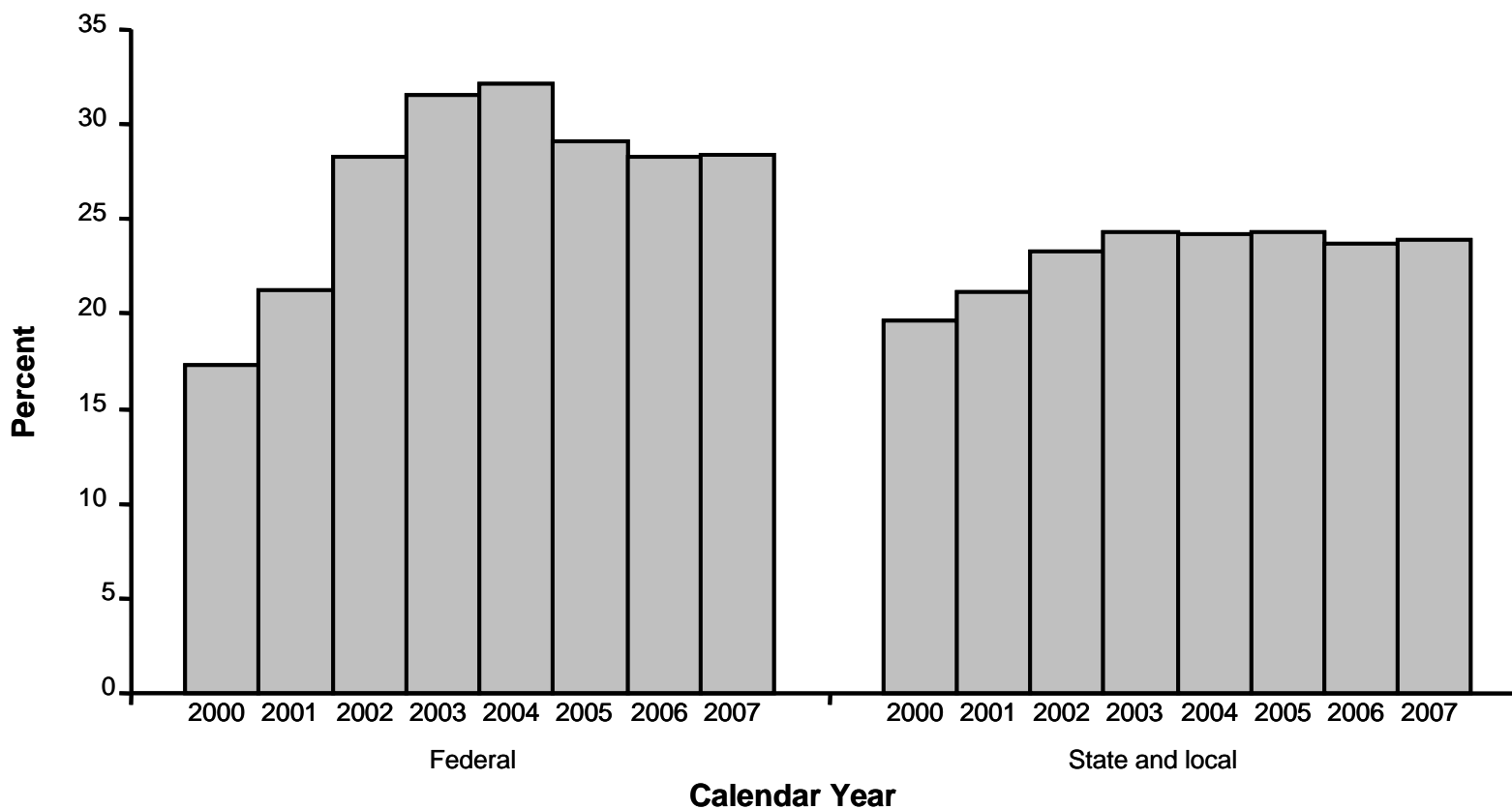
Figure 2
Household Health Spending as a Percent of Personal Income¹: Calendar Years 1987 -2007



¹ Adjustments to personal income include the addition of contributions to social insurance for Medicare, since they are included in individuals' health spending, and the exclusion of health benefit payments

Sources: Centers for Medicare & Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group, 1987-2007; U.S. Department of Commerce, Bureau of Economic Analysis, August, 2008.

Figure 3
Government Health Spending as a Percent of Revenues, Calendar Years 2000-2007



Sources:Centers for Medicare & Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group, 1987-2006 and Bureau of Economic Analysis, 2008.