

State Health Expenditure Accounts by State of Residence Highlights

The article “Health Spending by State 1991-2014: Measuring Per Capita Spending by Payers and Programs,” was published in the journal *Health Affairs* as web exclusive on June 14, 2017. The article presents per capita personal health care spending data by state of residence for 1991-2014, and updates previous estimates for 1991-2009, last published in 2011. These data provide a resident-based view of health care spending (that is, spending for the individuals who reside in a state) by service and by major payer (Medicare, Medicaid, and Private Health Insurance) that are consistent in methodology and definition over time, offering a context for understanding variation in health spending across states.

Personal Health Care

In 2014, per capita personal health care spending ranged from \$5,982 in Utah to \$11,064 in Alaska. Per capita spending in Alaska was 38 percent higher than the national average (\$8,045) while spending in Utah was about 26 percent lower; they have been the lowest and highest, respectively, since 2012.

Health care spending by region continued to exhibit considerable variation. In 2014, the New England and Mideast regions had the highest levels of total per capita personal health care spending (\$10,119 and \$9,370, respectively), or 26 and 16 percent higher than the national average. In contrast, the Rocky Mountain and Southwest regions had the lowest levels of total personal health care spending per capita (\$6,814 and \$6,978, respectively) with average spending roughly 15 percent lower than the national average.

For 2010-14, average growth in per capita personal health care spending was highest in Alaska at 4.8 percent per year and lowest in Arizona at 1.9 percent per year (compared with average growth of 3.1 percent nationally).

The spread between the highest and the lowest per capita personal health spending across the states has remained relatively stable over 2009-14. Accordingly, the highest per capita spending levels were 80 to 90 percent higher per year than the lowest per capita spending levels during the period.

Over the period 2010-14, the per capita personal health care spending growth rate ranged from an average of 4.8 percent per year in Alaska to 1.9 percent per year in Arizona compared with a national average growth rate of 3.1 percent. The magnitude of the variation in per capita personal health spending across the states, measured as the ratio between the maximum and minimum per capita health spending levels, has remained relatively stable since 2009 at 1.8-1.9.

In 2014, the coverage expansions under the Affordable Care Act went into full effect and were the main reason for the reduction in the number of uninsured by nearly 9 million people that year. By 2014, 26 states and the District of Columbia had expanded their Medicaid programs and collectively added 6.3 million adult enrollees. At the same time, federal and state marketplaces offered private health insurance plans in all states and contributed to a net 4.7 million increase in overall private health insurance enrollment. While most states experienced

faster growth in total personal health care in 2014, per capita total health spending in Medicaid expansion and non-expansion states grew at similar rates, 4.4 and 4.5 percent, respectively. The growth rate in per capita personal health care spending in 2014 was highest in Oregon (7.7 percent) and lowest in New Hampshire (2.4 percent).

For 2010-13, per capita personal health spending grew at a rate of 2.8 percent per year on average, substantially slower than during 2004-09, when spending averaged growth of 5.2 percent per year. The most recent economic recession, which ended in 2009, and subsequent modest recovery had a sustained impact on health spending and health insurance coverage. During 2010-13, every state experienced slower growth in per capita personal health care spending with an average deceleration of 2.3 percentage points compared to the 2004-09 period.

Regions with the largest slowdowns in average personal income per capita by state also had some of the largest slowdowns in personal health care spending per capita during the recession, and vice versa as the economy began to recover. From 2007-09, the regions with the largest deceleration in per capita personal income growth (the Far West and Rocky Mountains) also experienced the most significant slowdown in per capita personal health care spending growth. From 2009-13, however, the opposite was true, as the Far West and Rocky Mountains experienced the fastest acceleration in per capita income growth and were the regions with per capita health spending growth slowing the least.

Three Major Payers

Medicare

States with above average per enrollee Medicare personal health care spending were generally located in the eastern United States. The state with the highest per enrollee Medicare spending in 2014 was New Jersey (\$12,614) with spending levels roughly 15 percent above the national average. The states with the lowest spending were generally in the western United States that have less densely populated areas with younger enrollee populations. In 2014, Montana was the state with the lowest per enrollee Medicare personal health care spending, at \$8,238 per enrollee (25 percent below the national average per enrollee).

Medicaid

Total Medicaid spending increased 12.3 percent from 2013 to 2014 for states that expanded Medicaid, compared with 6.2 percent for states that did not expand Medicaid. However, on a per enrollee basis Medicaid spending declined considerably for the expansion states (-5.1 percent) in 2014, whereas per enrollee Medicaid spending in the non-expansion states increased 5.1 percent. The trends in per enrollee spending were driven by the Medicaid coverage expansion, which increased the share of relatively less expensive enrollees relative to the previous Medicaid beneficiary population mix in expansion states. North Dakota had the highest amount of per enrollee Medicaid spending in 2014 at \$12,413, whereas Illinois had the lowest per enrollee spending at \$4,959.

Private Health Insurance

Per enrollee private health insurance spending was \$4,551 in 2014, an average annual increase of 3.3 percent since 2009 (\$3,872). Alaska had the highest amount of such spending at \$5,958, or 31 percent above the national average, whereas Nevada had the lowest per enrollee spending at \$3,417, or 25 percent below the national average. Aggregate private health insurance spending grew more rapidly in states that did not expand Medicaid eligibility by 2014 than in states that did, at rates of 6.8 percent and 4.6 percent, respectively. A majority of this difference reflects faster private health insurance enrollment growth in non-expansion states (3.2 percent) compared to that for expansion states (1.9 percent).