

Center for Healthcare Research & Transformation

NEWS RELEASE

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Michigan's health care spending lower than U.S. average – Medicaid reimbursements among the lowest in the nation

Issue brief shows Michigan's spending on health care growing more slowly than national average

ANN ARBOR, MI – According to an issue brief on health care costs released today by the Center for Healthcare Research & Transformation (CHRT), Michigan's health care spending has been growing at a slower pace than the national average for more than a decade.

The issue brief also says Michigan spends less per capita on personal health care than the national average (\$ 5,058 vs \$5,283), ranking 36th among the 50 states and District of Columbia in 2004 (the most recent year for which state-level data were available), and has one of the lowest rates of Medicaid payments to physicians in the country, ranking 44th on the 2008 Medicaid to Medicare physician fee index.

The issue brief is the first in a series of reports CHRT will release over the next several months on health care cost in the U.S. and Michigan, comprising data from multiple state and national sources.

"Experts on all sides of the health reform debate agree that the current rate of growth in U.S. health care spending is unsustainable and ultimately damaging to the economy," said CHRT director Marianne Udow-Phillips. "To enact and implement reforms that have a positive impact on health care costs, we must first understand how and where we are spending our health care dollars today."

The report also shows that:

- The U.S. spends more on health care than any other country in the world as a percentage of gross domestic product (GDP) – 33 percent more than the next highest spending nation.
- While spending through private insurance accounted for just less than 40 percent of health care spending in the U.S., in Michigan the number was more than 46 percent, reflecting Michigan's relatively high rate of private coverage.

- Nationally, “out of pocket” (consumer) payments accounted for 18 percent of spending, while in Michigan – largely because of the greater contribution of private insurance – out of pocket payments were lower at 14 percent.
- In Michigan and the U.S., more than one-third of personal health care spending went for care in a hospital setting, one-quarter to medical office visits, and about 20 percent to prescription drugs. Prescription drugs have been one of the fastest-growing components.
- Combined Medicaid and Medicare spending accounted for more than one in three health care dollars spent in the U.S. in 2004.

“Our intent with these reports is to provide a comprehensive picture of medical care spending in the U.S. and Michigan,” said Udow-Phillips. “By making these data available, we hope to stimulate thinking and further analysis about opportunities for change in health policy, medical practice – even personal health choices – that could lead to reduced overall health care spending.”

Future releases will look at spending by disease/condition, geographic variation, and patient characteristics.

For an electronic copy of the issue brief on **health care spending**, visit the CHRT website: www.chrt.org or send an email to chrt-info@umich.edu

The Center for Healthcare Research & Transformation (CHRT) sponsors research and public information to promote evidence based care delivery, improve population health, and expand access to care. Housed at the University of Michigan, CHRT is a partnership between U-M and Blue Cross Blue Shield of Michigan to test the best ideas for improving the effectiveness and efficiency of the health care system.

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