

## 'Devastating statistics' — U.S. spent \$2.4 trillion on health care in 2008, report says

By the Deseret News staff

Published: Monday, Feb. 23, 2009 11:32 p.m. MST

Utah's effort to get a grip on medical costs isn't coming a moment too soon, and it might already be too late if a bottom-line assessment with "devastating statistics" of national health-care spending released Monday is even half-right.

In a report from the Centers for Medicaid and Medicare Services, U.S. spending on medical care in 2008 reached \$2.4 trillion, which is almost double the current \$1.3 trillion federal deficit. Things will continue to be the opposite of good throughout this year as costs clip along nationwide at a pace that will nearly double to \$4.4 trillion by 2018 — the year Utah's health-care system reform is to be pretty much in place.

Analysts predict that the public sources will account for more than half of all health spending by 2018.

The numbers are stunning — health-care spending now accounts for more than 20 percent of all goods and services produced in the United States — but they come as no surprise. Reform leaders, legislative leadership and Gov. Jon Huntsman Jr. have been saying for two years that Utah's reform effort has the least amount of control over cost containment, and that just getting costs to plateau over the next decade would be a monumental achievement.

"If there is anyone who doubts that economic reform necessitates health-care reform and vice versa, these devastating statistics should serve as a real eye-opener," Judi Hilman, Utah Health Policy Project executive director, told the Deseret News. "They state in very clear terms that reform must come together quickly, and that reform can't be about costly expansions and that Utah's approach to drafting and implementing long-term, financially sustainable reforms are vital."

Health care's share of the economy is expected to increase at its fastest rate ever in 2009 as the recession continues to ripple through the job market. The economic downturn is expected to affect both public and private health-care spending as more Americans lose their health insurance and as federal and state governments face projected increases in Medicaid enrollment and spending.

"The recession has wide-reaching implications for the health-care sector," said CMS economist Andrea Sisko, one of the authors of the government's annual health-care projection report. "Policymakers and the public will be faced with tough decisions regarding the future of the health-care system."

Medicaid enrollment in Utah increased by 3,000 in December, putting the total number of Utahns covered by the joint state and federal health insurance plan to more than 170,000, or the third-largest health insurance pool in the state.

Medicaid in the state has been a "segregated entity" in the system when it in fact is a core element of the health-care system, Hilman said, noting that a central message of the report is that treating it as a different, less-than-equal program of the system must come to and end in any overarching, practical, comprehensive, workable health-care reform plan.

Administrators in Utah say requests for Medicaid are up by about 25 percent compared to last year. Federal law requires that every person who requests coverage and meets income standards be enrolled.

By 2018, national health spending is projected to reach \$4.4 trillion and consume 20.3 percent of the gross domestic product (GDP), the CMS analysts say. In 2009, the United States is expected to experience a decrease in nominal GDP for the first time since 1949.

Driven largely by projected faster growth in spending for prescription drugs, hospital and physician care — and administrative costs — the report also shows that Medicare spending is expected to have reached \$466 billion in 2008, up 8.1 percent from 2007.

The recession is expected to accelerate growth in Medicaid spending, driven by much faster projected enrollment (4.0 percent in 2008 versus 0.2 percent in 2007), particularly among non-disabled children and adults. Spending on Medicaid is expected to have been \$352.1 billion in 2008, according to the report.