
***Where Does the Money Go?
What's Driving Health Care Costs?***

Today's Quiz

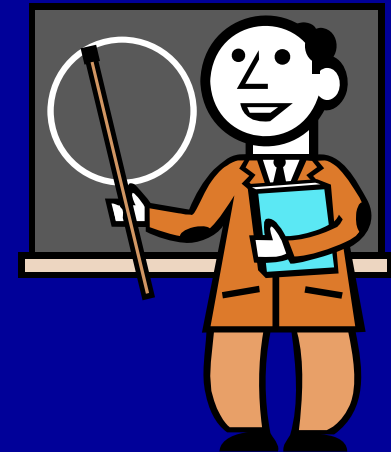
What is the total health care spending per person in Massachusetts?

In 1981 it was \$1,553. In 2006 it was:

A.) \$6,212

B.) \$7,765

C.) \$9,662



Health Care Spending in Massachusetts is 33% higher than the U.S. average

Health Plans in MA

The country's *best* health plans

- Consistently set the standard for quality care
- Centered on the patient
- Emphasis on health and wellness to improve members' care experiences and health outcomes



Best Health Plans

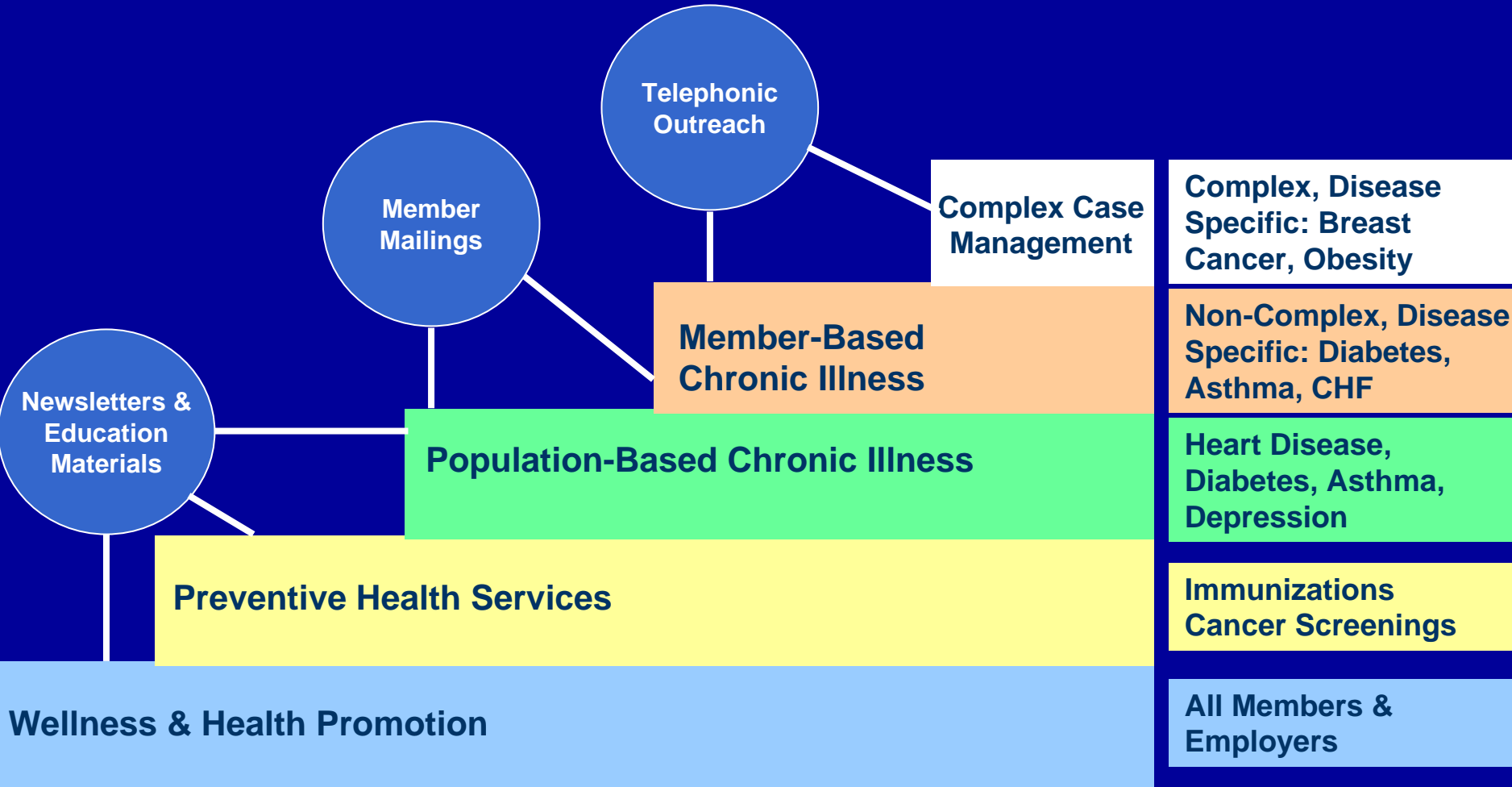
The #1 health plans for Commercial, Medicaid & Medicare coverage are based in MA

5 of the country's top 12 performing health plans in terms of clinical quality are based in Massachusetts

U.S. News & World Report & NCQA's The State of Health Care Quality: 2007

Health Plans in MA

Care Management to Help Control Costs



Where Does the Premium Dollar Go?



Medical
87.3% Expenses

Admin.
11.1% Expenses

1.6% Surplus

Medical Expenses



Administrative Expenses



Surplus

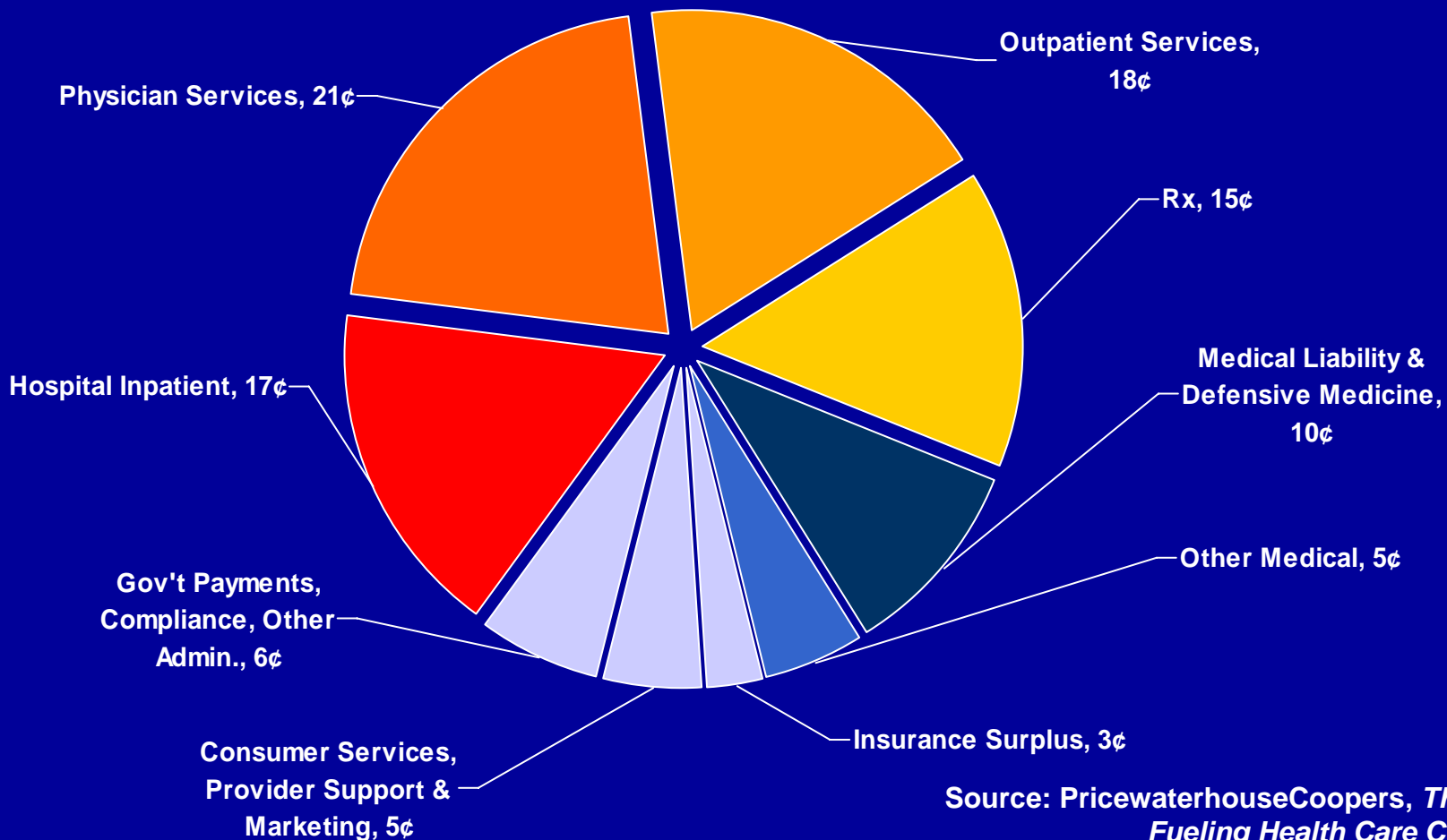


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source: Mark Farrah Associates, *2006 MA HMO Enrollment Trends & Financial Performance*. Based on statements filed with the MA Division of Insurance for the six major local commercial carriers

Where Does the \$ Go?

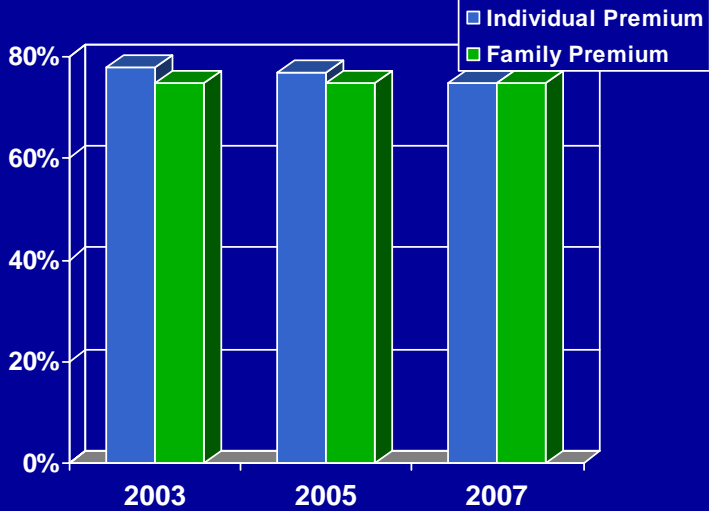
Nationally, For Every New Health Care \$...



Source: PricewaterhouseCoopers, *The Factors Fueling Health Care Costs*, 2006

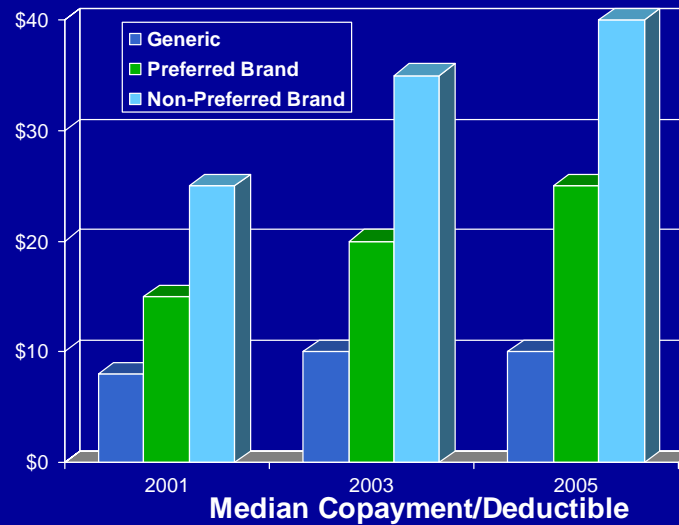
Employers Pay the Bulk of the Health Care \$

Employer Contributions to Health Insurance

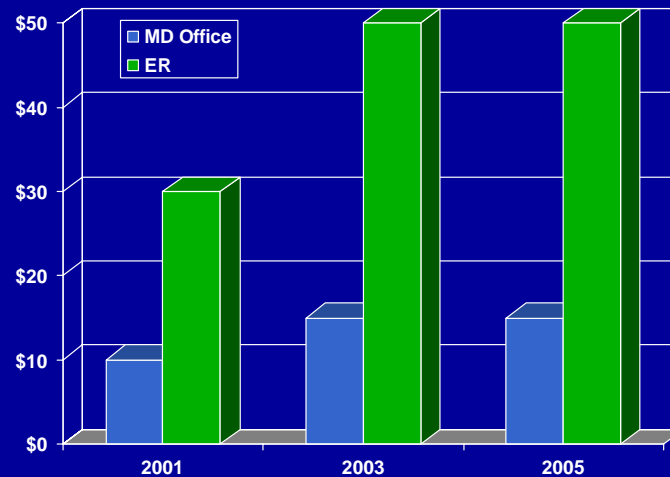


source: MA Division of Health Care Finance & Policy (DHCFP), *Key Indicators*, January 2008

Median Copayment for Prescriptions

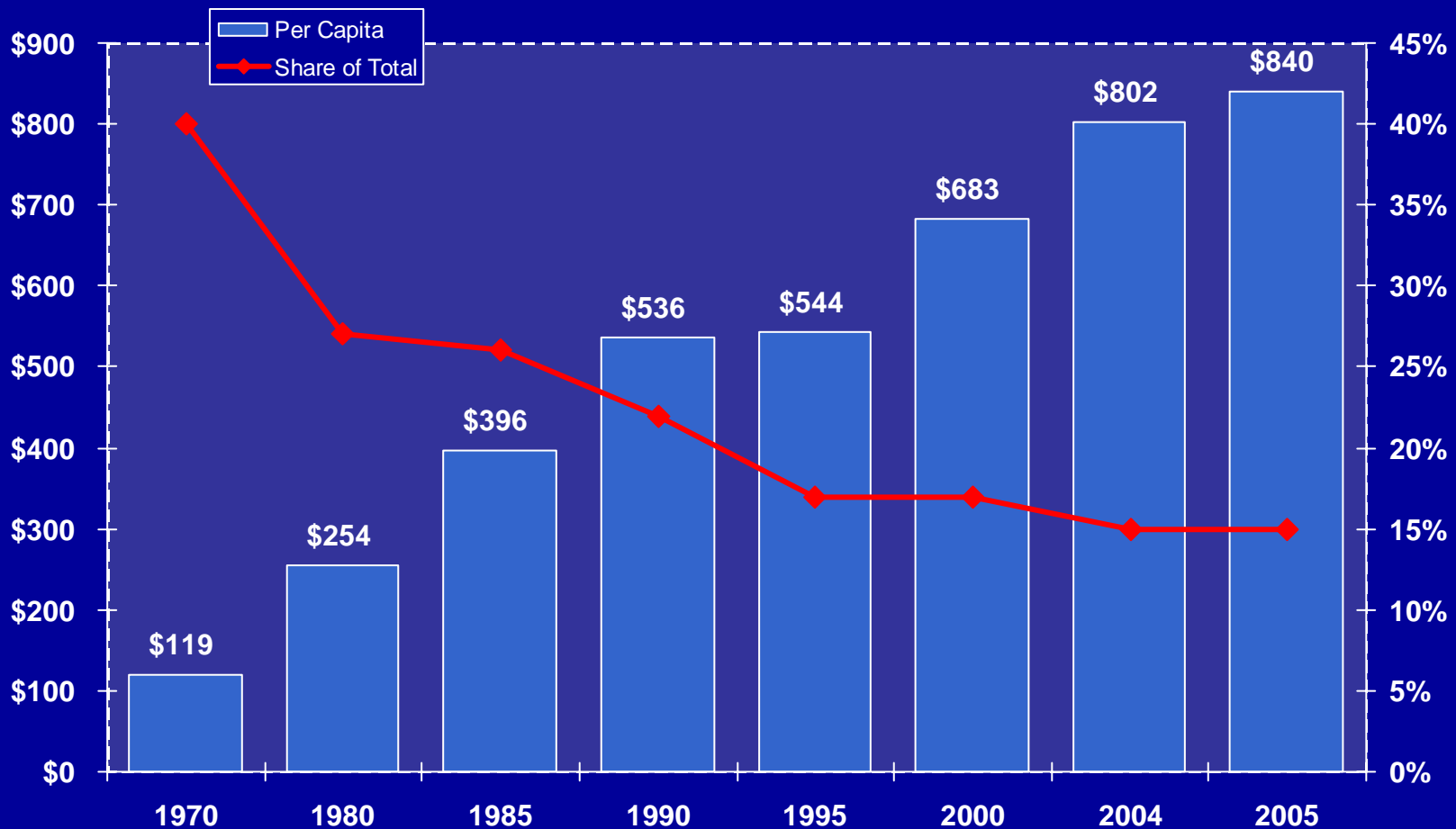


source: MA DHCFP, *MA Employer Health Insurance Survey*, 2005



source: MA DHCFP, *MA Employer Health Insurance Survey*, 2005

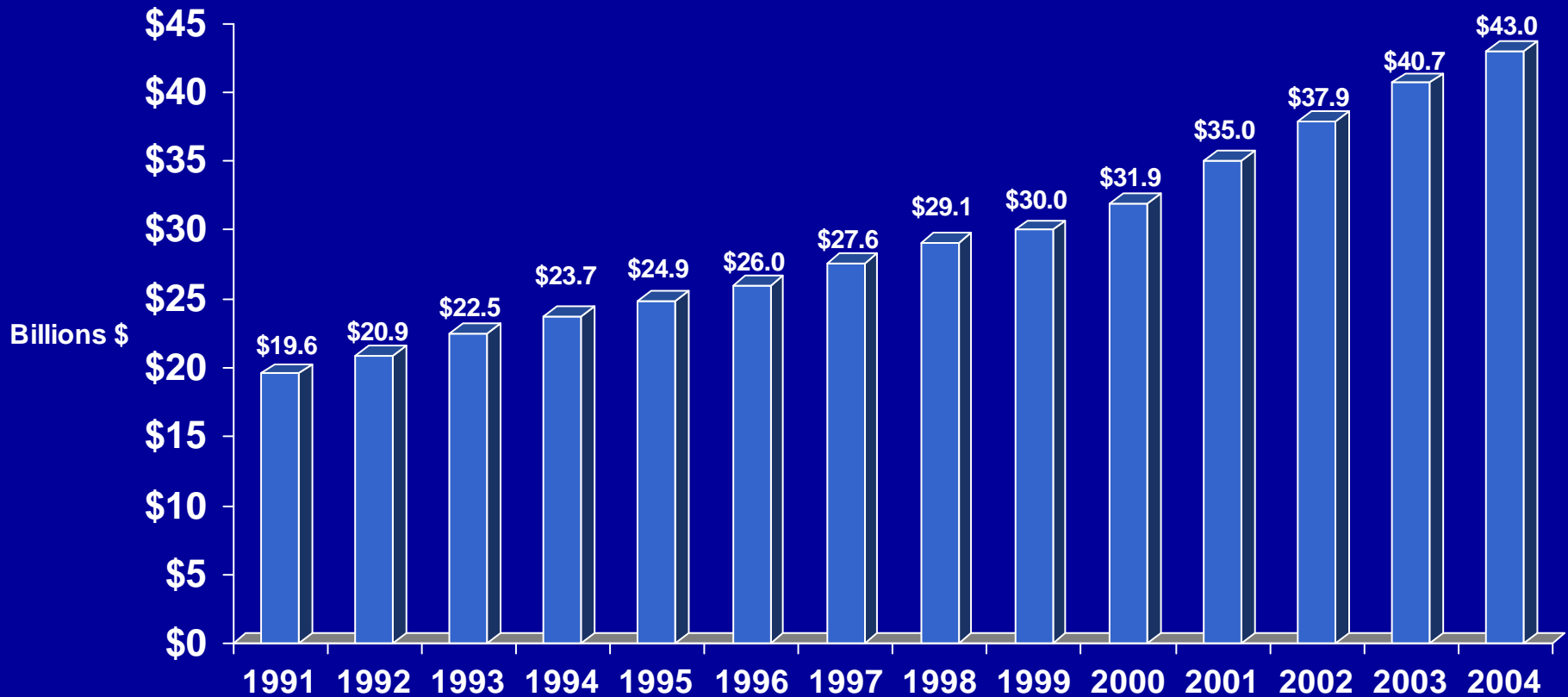
Changes in Annual Out-of-Pocket Spending



source: Centers for Medicare and Medicaid Services,
Office of the Actuary

Health Care Spending in MA 1991 – 2004

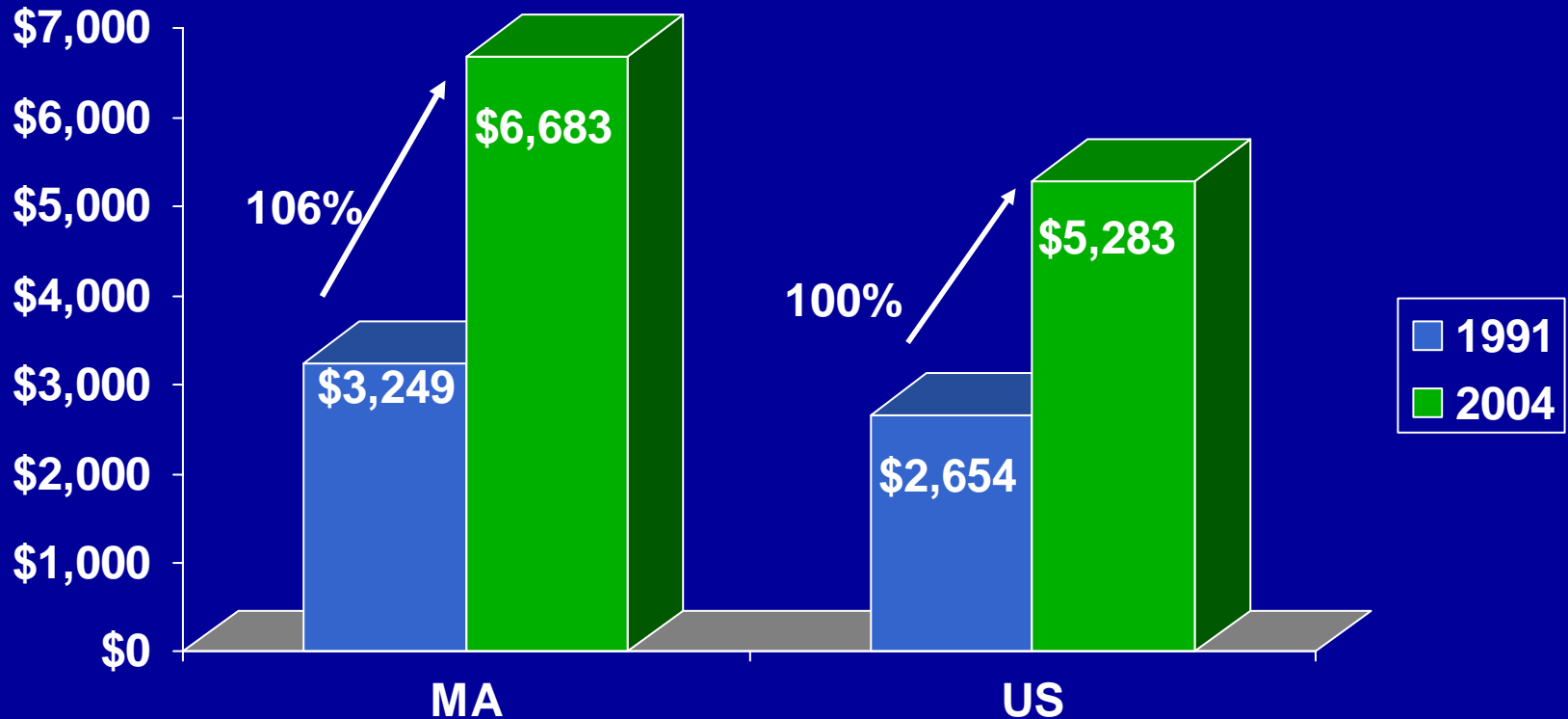
MA Personal Health Expenditures



source: MA DHCFP

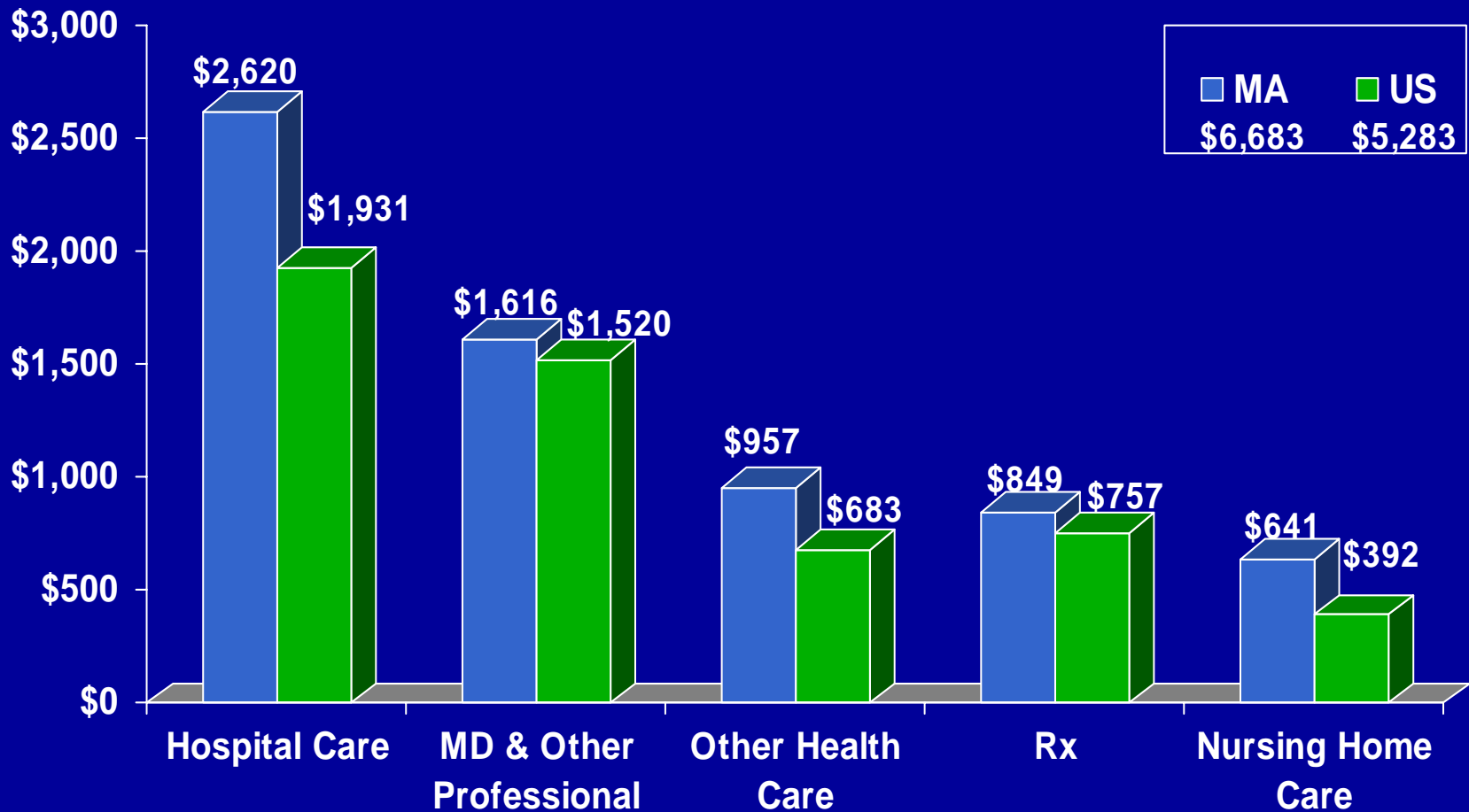
Massachusetts Health Care Cost Trends 1991-2004

Per Capita Spending 1991-2004 MA v. US



Health Care Expenditures 2004

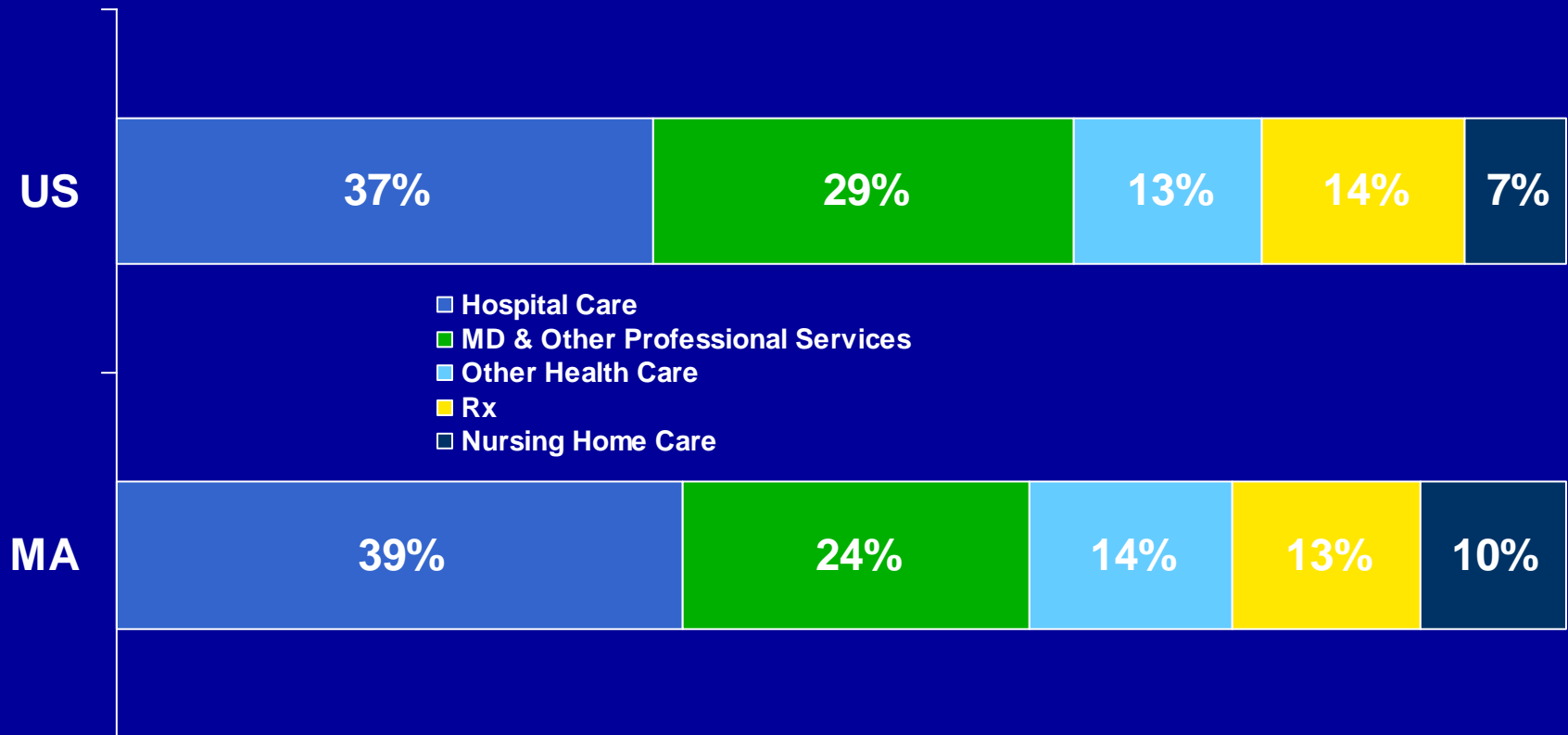
MA v. US



source: MA Division of Health Care Finance & Policy
Massachusetts Health Care Cost Trends 1991-2004

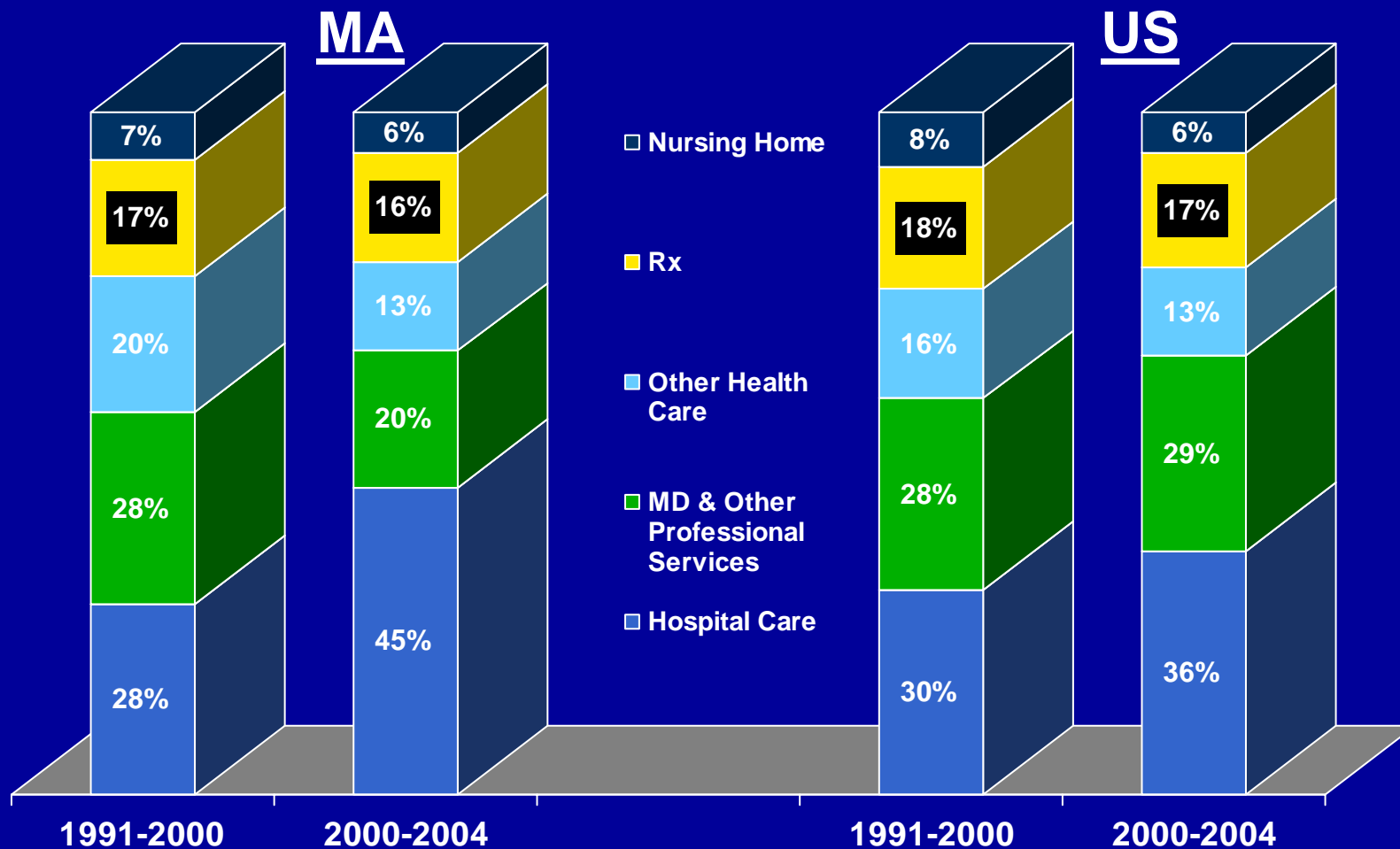
Distribution of Health Care Expenditures – 2004

MA v. US



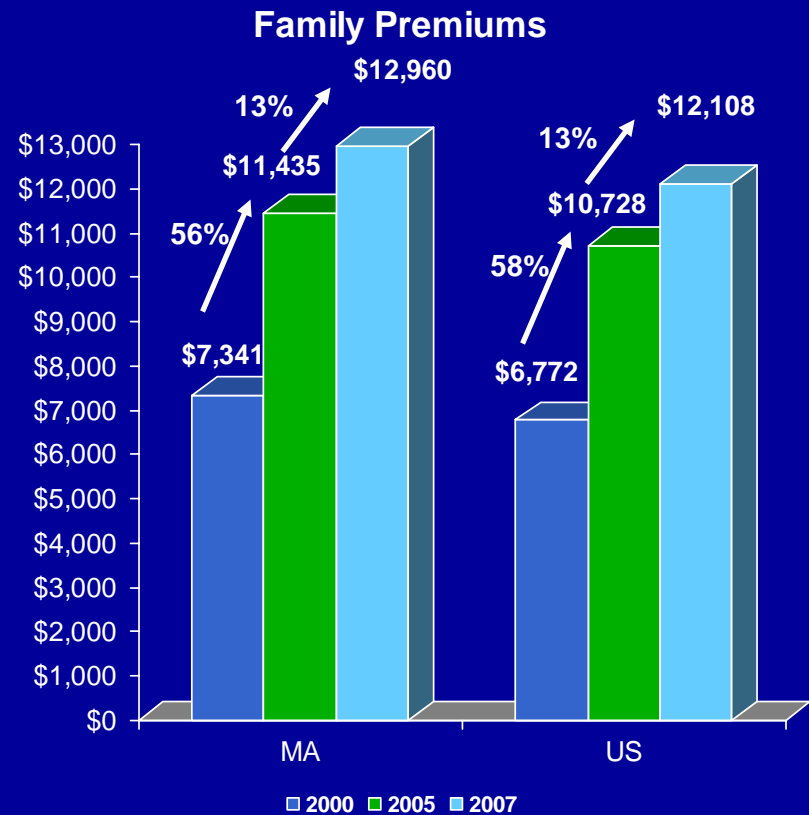
source: MA Division of Health Care Finance & Policy
Massachusetts Health Care Cost Trends 1991-2004

Increase in Health Care Expenditures After 2000 MA v. US



source: MA Division of Health Care Finance & Policy
Massachusetts Health Care Cost Trends 1991-2004

Premium Increases MA v. US



Where Does the Premium Dollar Go?



Medical Expenses
87.3%

Admin. Expenses
11.1%

Surplus
1.6%

Medical Expenses



Administrative Expenses



Surplus



source: Mark Farrah Associates, *2006 MA HMO Enrollment Trends & Financial Performance*. Based on statements filed with the MA Division of Insurance for the six major local commercial carriers