

The Total Cost of Health Care in Delaware 2005

**prepared for
the Delaware Health Care Commission**

**presented by
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Current Issues in DE Health Care Expenditures

Prices & Demand

Health Care Industry Growth

Cost Shift

Health Care Expenditures - A Primer

Spending is equal to the product of three terms:

$$S = \text{Population} * \text{Price/unit of HC} * \text{HC-Quantity/person}$$

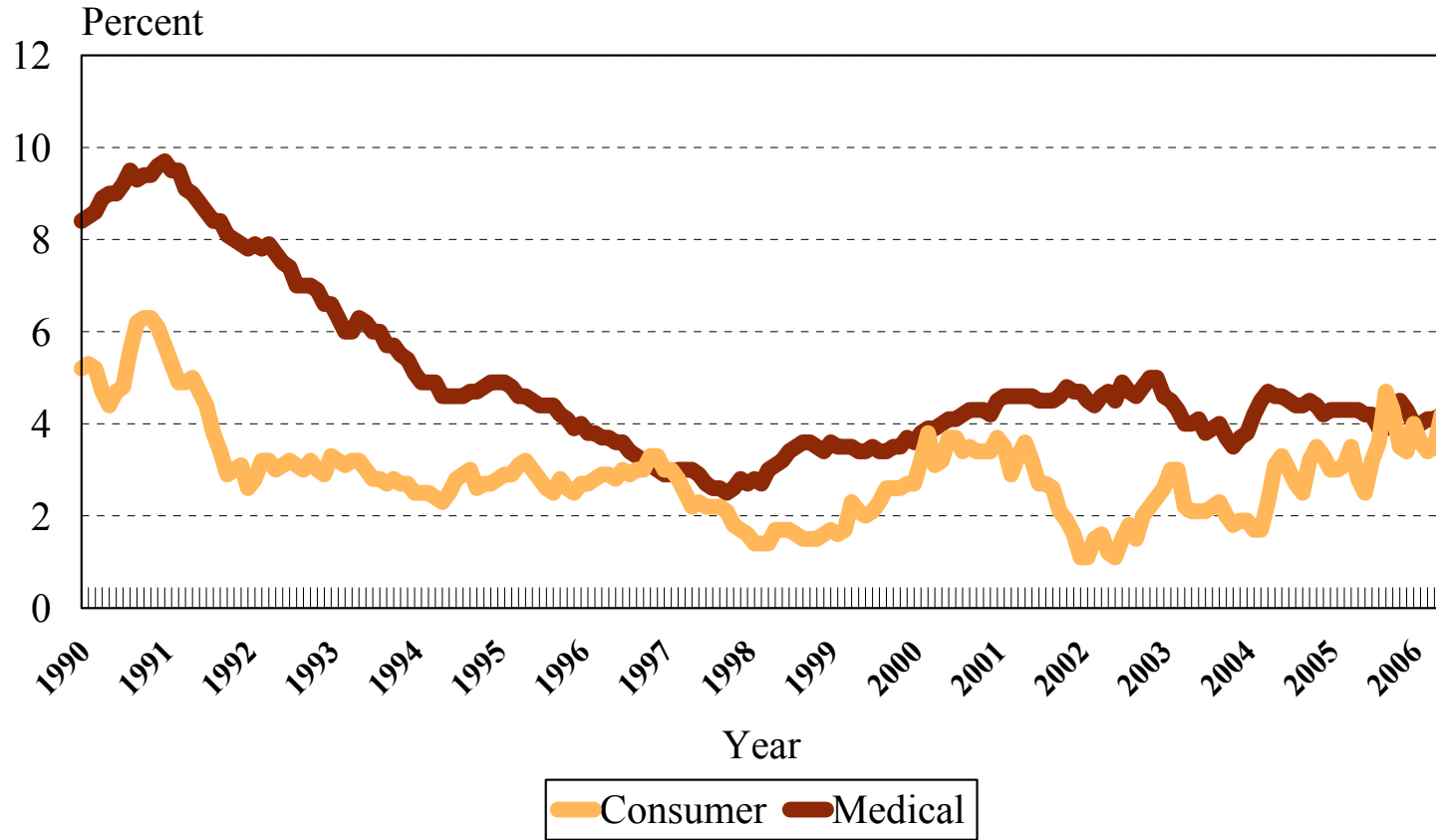
DE Hospital Utilization

	1993	2004	Percent Change
Population	695,000	830,000	19.4
Beds	2,153	1,955	-9.2
Admissions	79,345	103,169	30
Inpatient Days	561,190	642,401	14.5
Average Length of Stay (days)	7.1	6.2	-12.7
Revenue per Inpatient Day	1,398	2,730	95.3
Revenue per Outpatient Visit	268	514	91.7

Source: AHA.

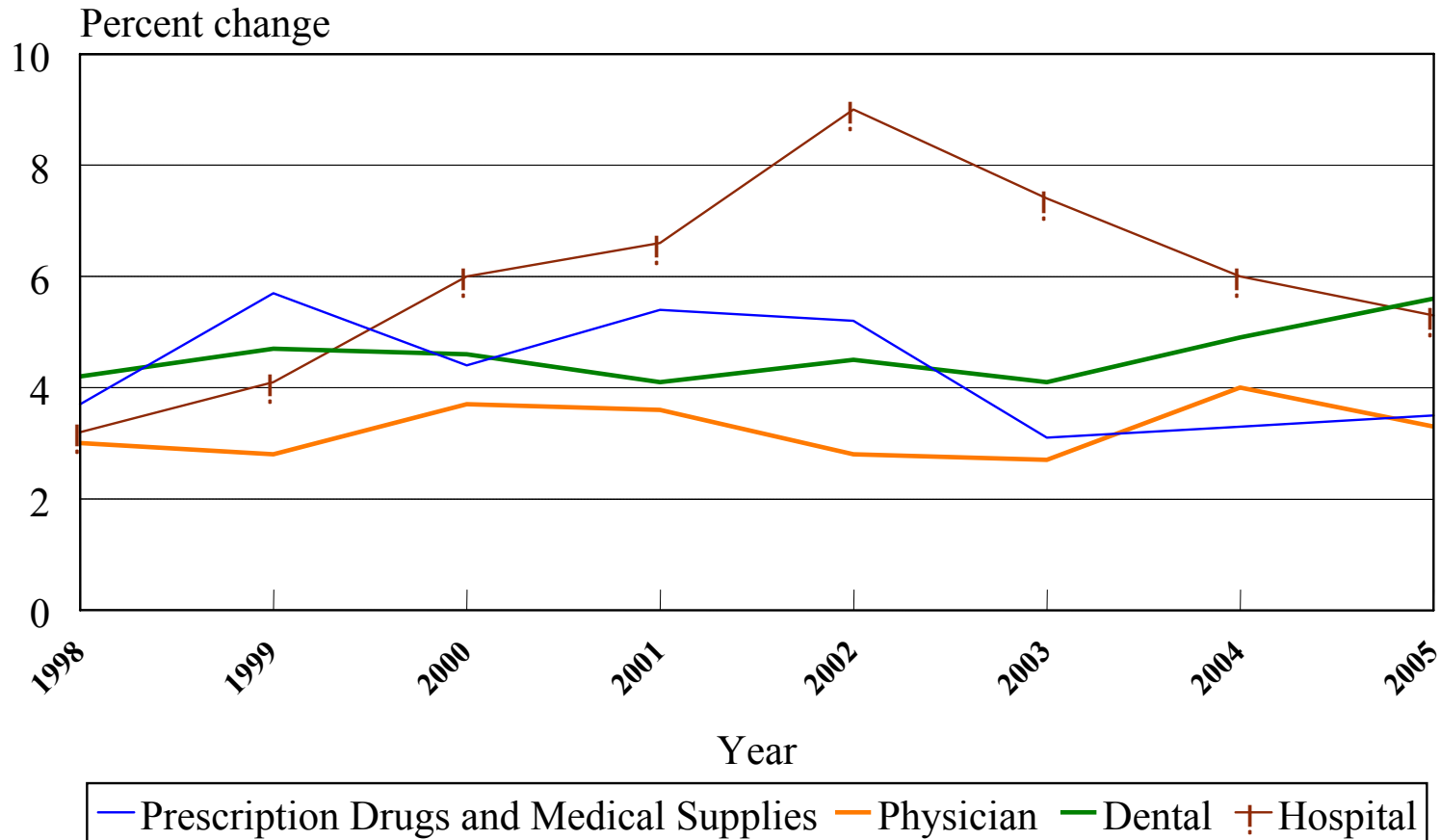
Annual Change in the Consumer Price Index

All Urban Consumers: US



Bureau of Labor Statistics

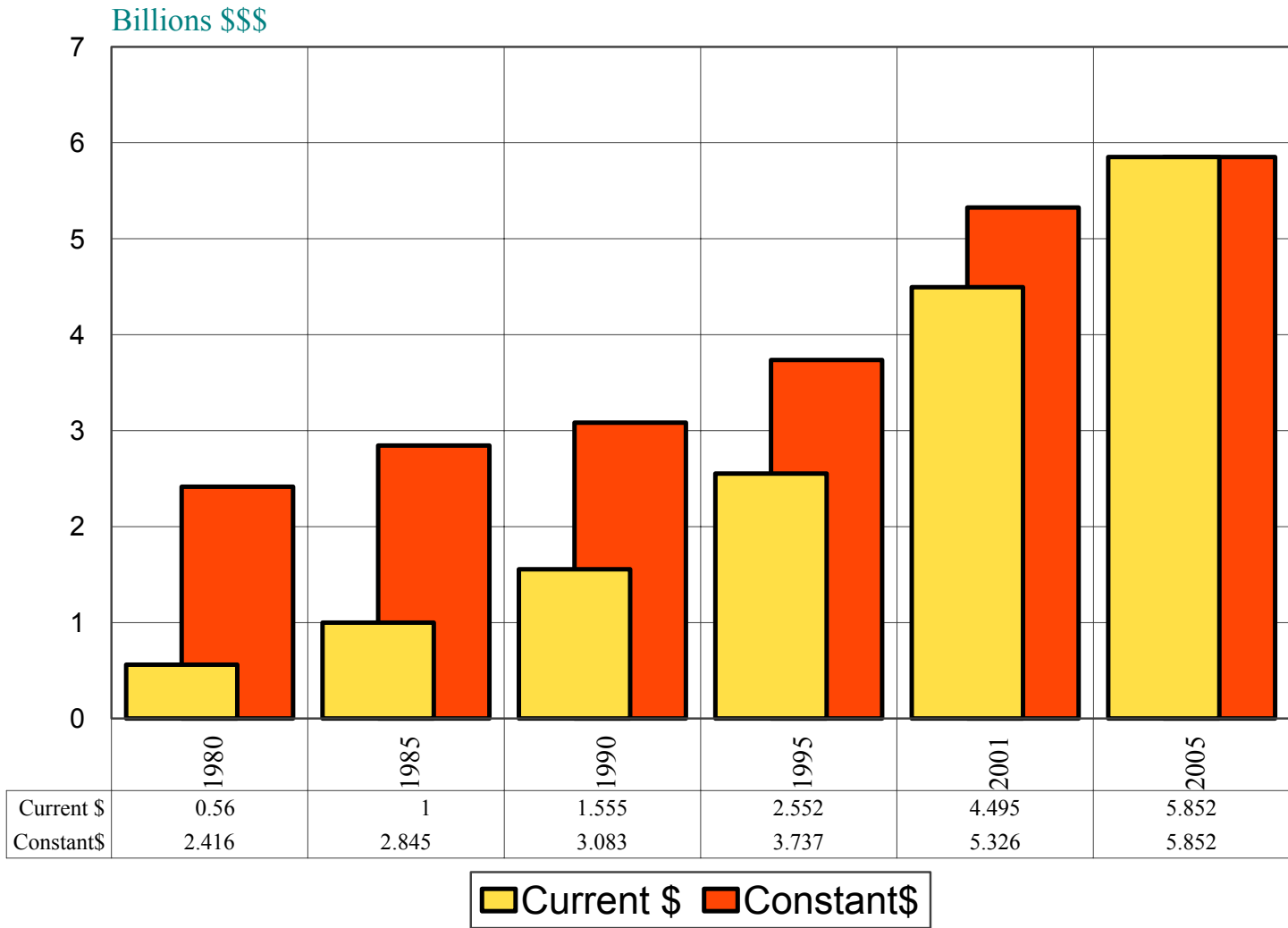
Medical Care Price Index All Urban Consumers: US



Bureau of Labor Statistics

Health Care Expenditures in Delaware

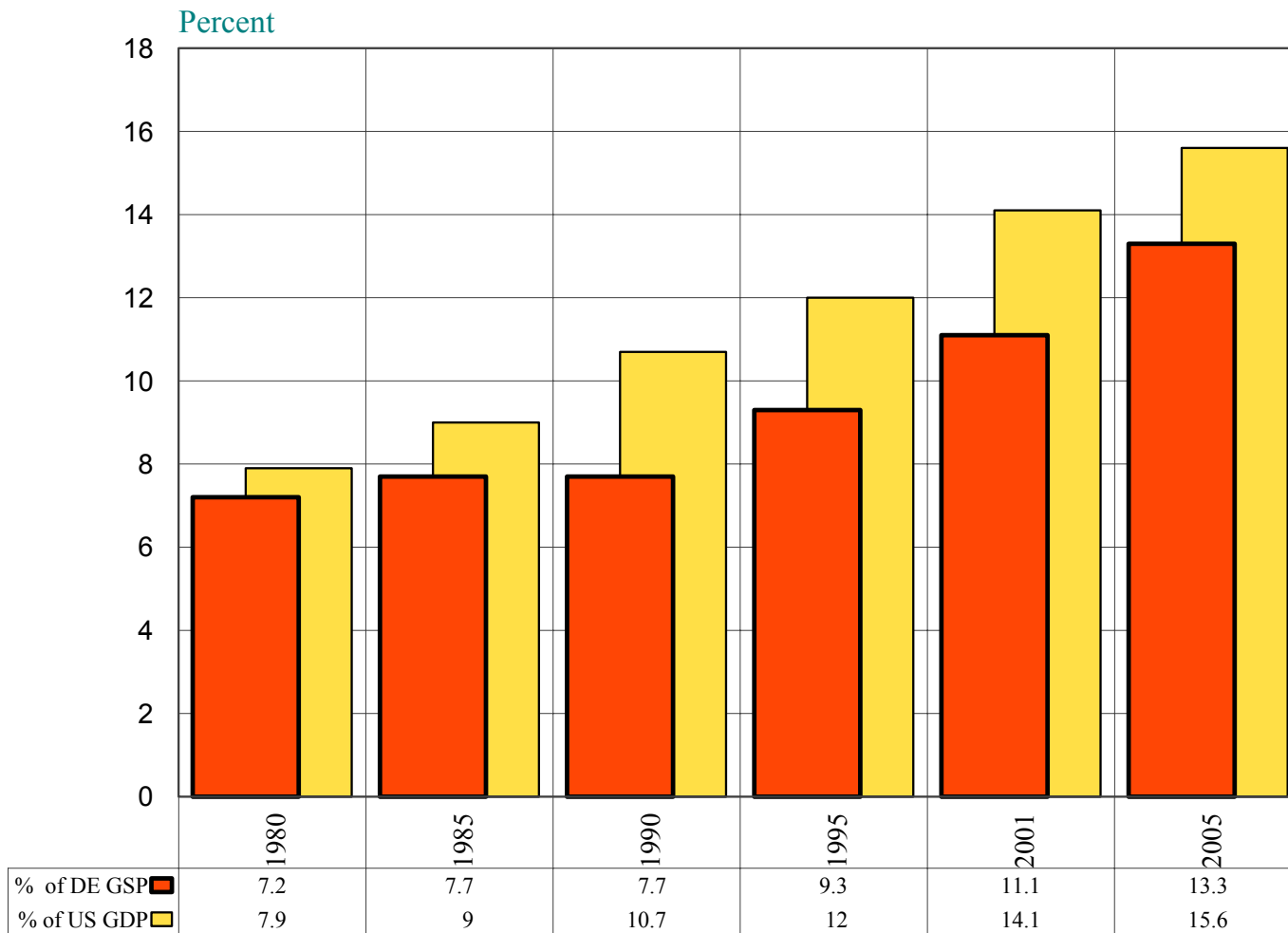
by Nominal and Constant 2005 Dollars



Source: Center for Applied Demography and Survey Research, University of Delaware and CMS

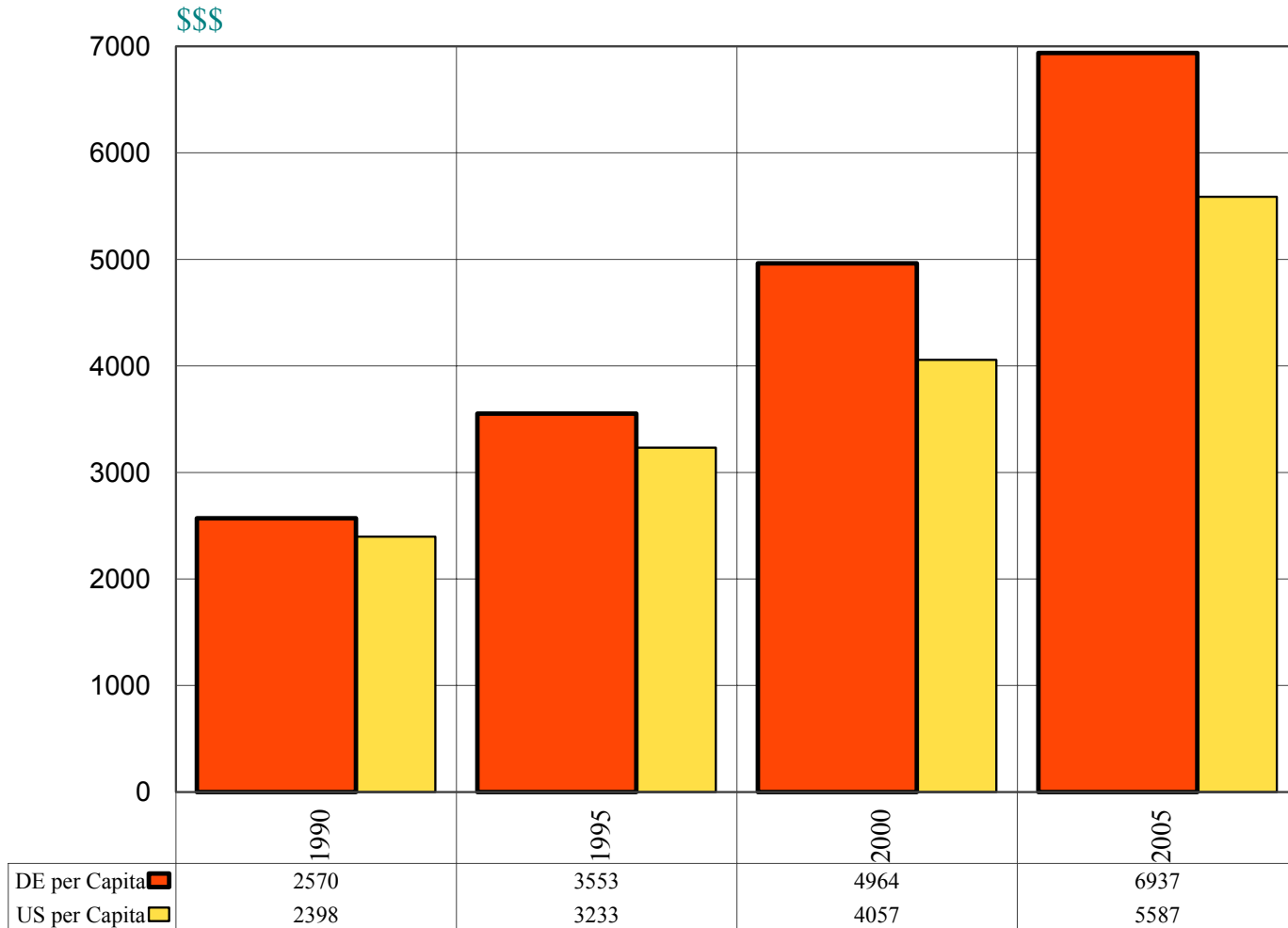
Delaware Personal Health Care Expenditures Share of GSP:

Share of US GDP and Delaware GSP



Source: Center for Applied Demography and Survey Research, University of Delaware and CMS. US data is for NHE.

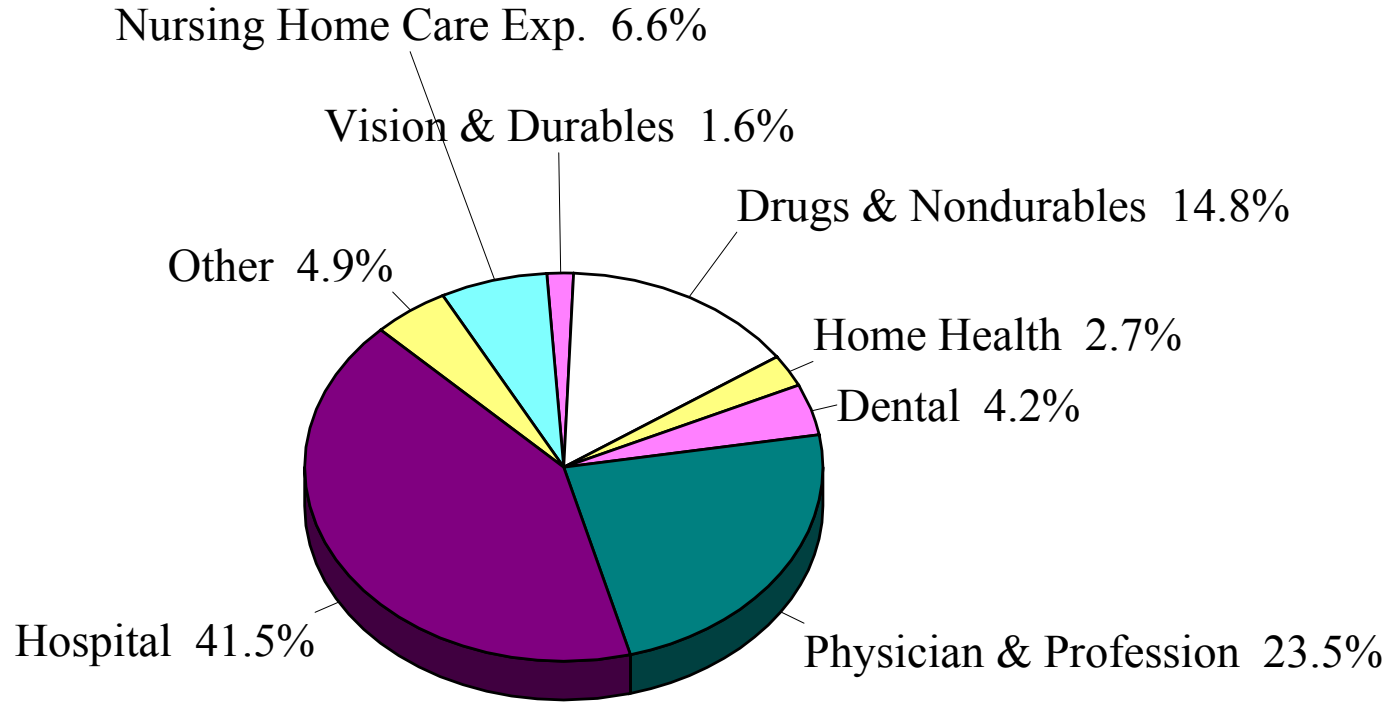
Delaware Personal Health Care Expenditures Per Capita: US and Delaware



Source: Center for Applied Demography and Survey Research, University of Delaware and CMS
U.S. 2005 is derived using NHE growth in 2005 applied to PHE.

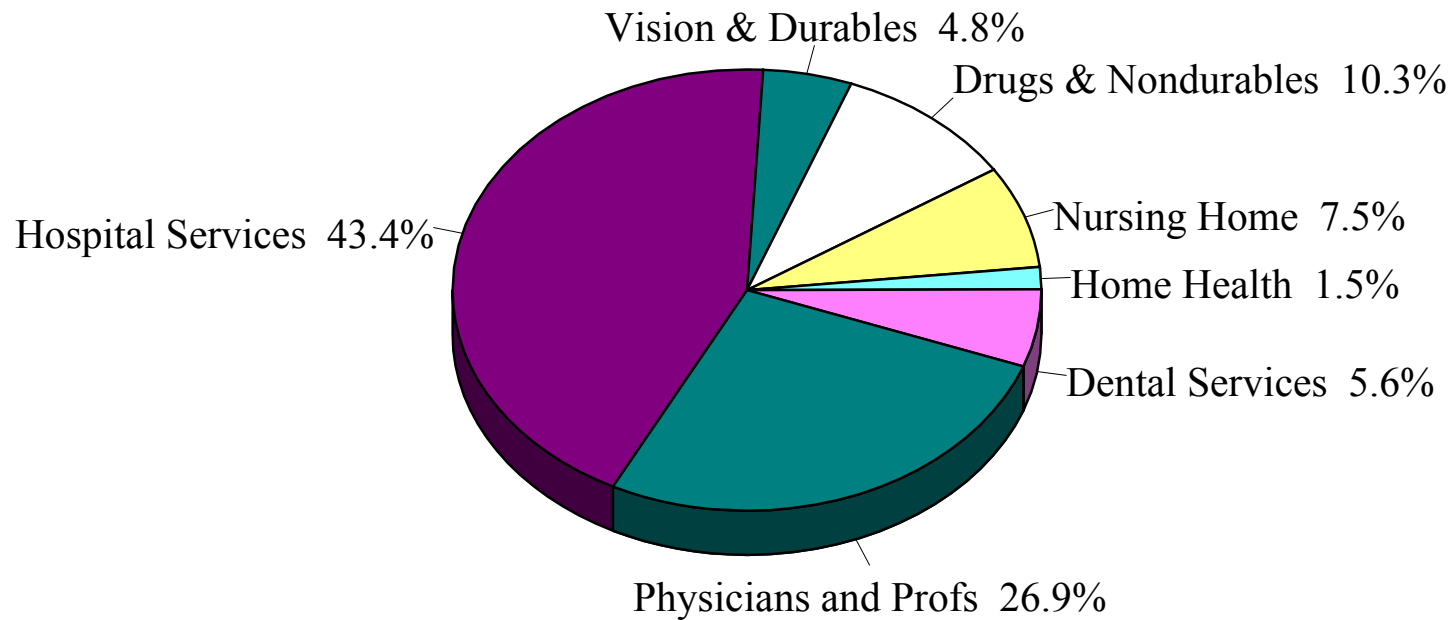
Delaware Personal Health Care Expenditures

Share of Total Expenditures in 2005 by Category



DE Personal Health Care Expenditures

Share of Total Expenditures in 1990 by Category



The McGraw-Hill Companies

BusinessWeek

SEPTEMBER 21, 2008

www.businessweek.com

What's Really Propping Up the Economy

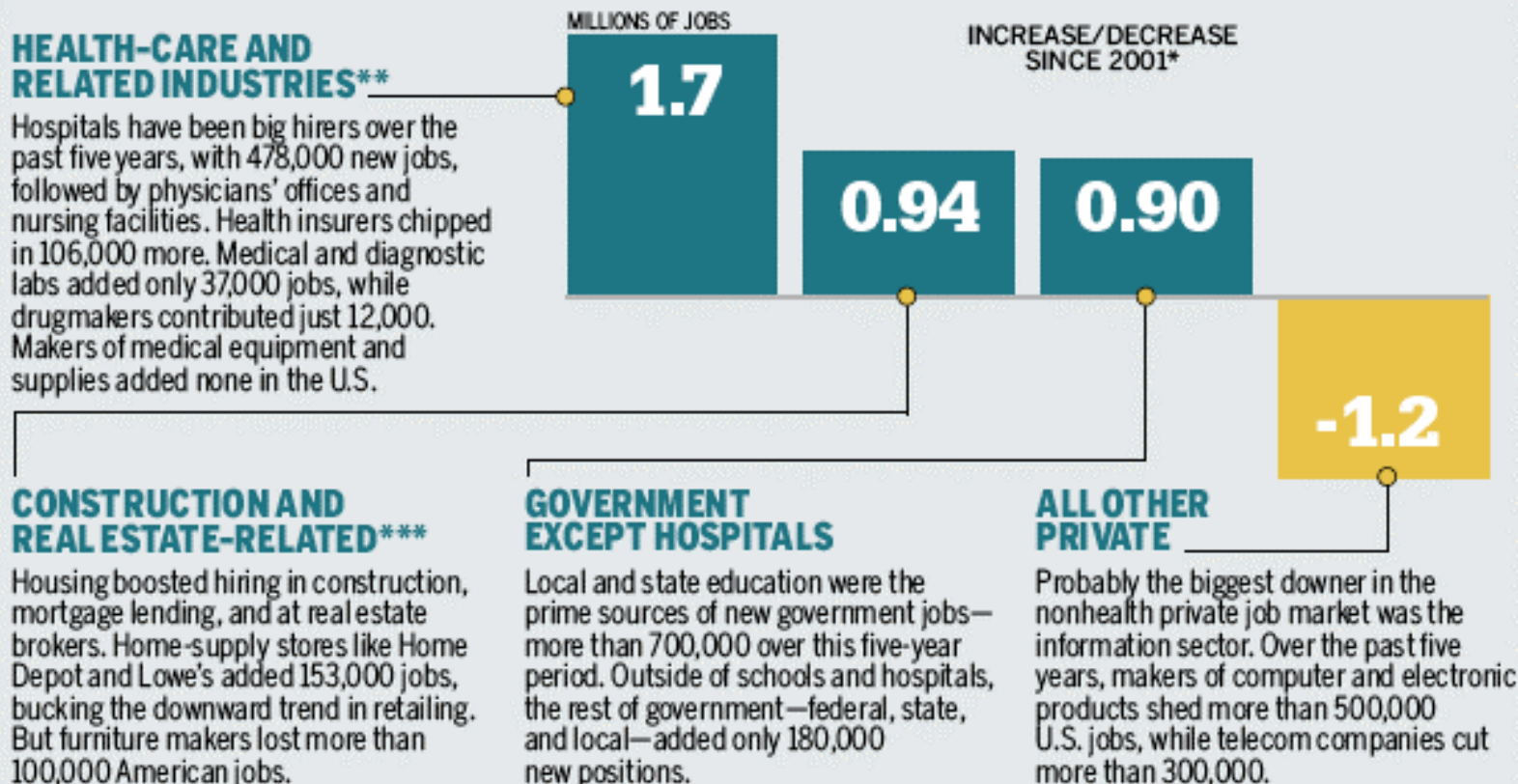


Health care
has added
1.7 million
jobs since
2001. The
rest of the
private
sector?
None.

BY MICHAEL
MANDEL
@ 54

THE TRUE PICTURE OF THE JOB RECOVERY

Over the past five years, **jobs created by the housing boom** were **more than swallowed up** by **losses from the info tech bust**. That left health care as the main source of private-sector job growth.

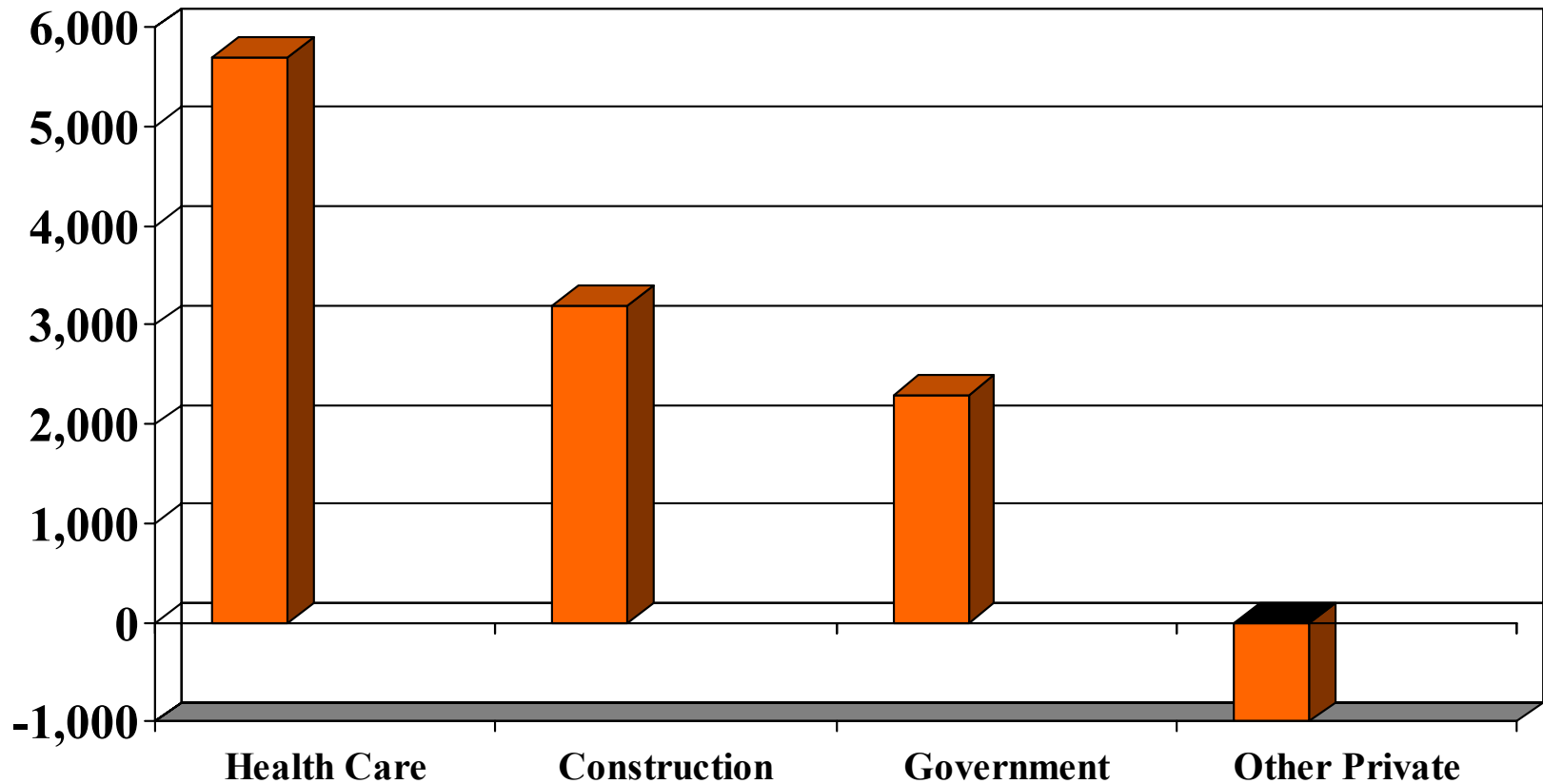


*Year ending in July, 2006, compared with year ending in July, 2001

**Industries including health-care services, pharmaceuticals, government hospitals, drugstores, medical equipment and supplies, and health-insurance providers

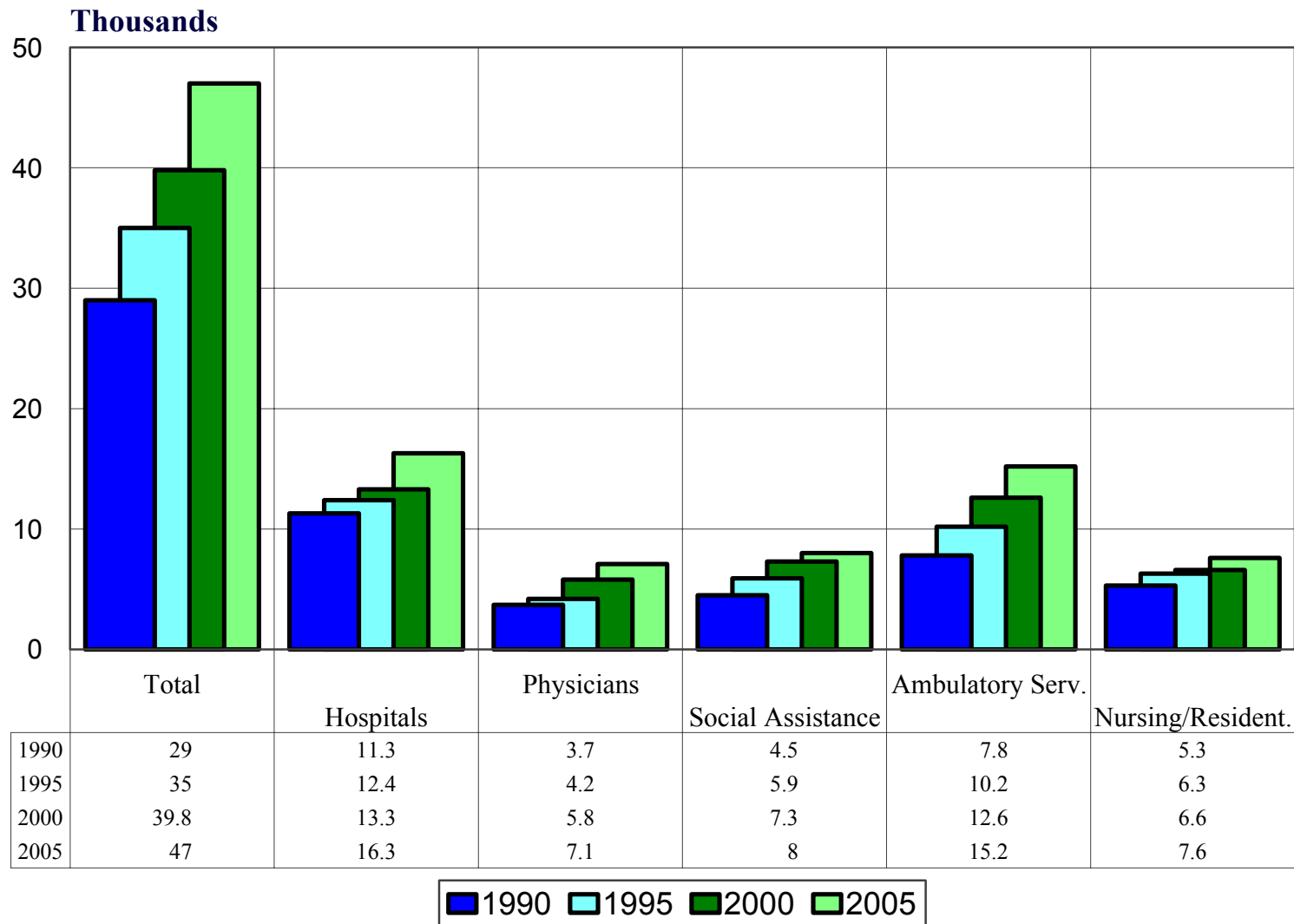
***Industries including construction, building supplies, real estate brokers, mortgage brokers, furniture and appliance manufacturing and distribution, home-supply stores, architects, and interior designers

Delaware Employment Change 2001-2005



Source: BLS. Construction is reported with natural resources and mining. Education is excluded.

Delaware Health Care Employment by Industry



Source: Center for Applied Demography and Survey Research, University of Delaware and BLS

Physician Offices

- Employment Growth: 2000-2005: 1,310.
- Total Employment in 2005: 7,171.
- Number of licensed physicians in 2001: 2,765 (includes inactive and out of state)
- Number of licensed physicians in 2005: ~ 2,700 (includes inactive and out of state)
- Growth in physician offices employment may be explained by growing number of occupations such as
 - Physicians assistants
 - Medical records and health information technicians
 - Nurses

Delaware Health Employment

	Employment Growth		Employment
	1990-2000	2000-2005	in 2005
Physicians Offices	2,162	1,310	7,171
Dentists Offices	548	286	2,203
Oth. Health Practitioners Offices	510	657	1,968
Outpatient Care Centers	431	132	903
Medical and Diagnostic Laboratories	25	89	406
Home Health Care Services	1,193	-286	1,895
Other Ambulatory Health Care Services	-28	342	590
General Medical and Surgical Hospitals	1,997	2,611	16,246
Psychiatric and Substance Abuse Hospitals	9	2	11
Nursing Care Facilities	-162	593	3,368
Residential Mental Retardation, Mental Health and	201	494	1,049
Community Care Facilities for the Elderly	1,182	-288	2,774
Other Residential Care Facilities	107	176	403
Individual and Family Services	820	311	2,994
Community Food and Housing, and Emergency a	91	84	269
Vocational Rehabilitation Services	323	104	1,353
Child Day Care Services	997	534	2,956
Total	10,406	7,151	46,559

Source: BLS.

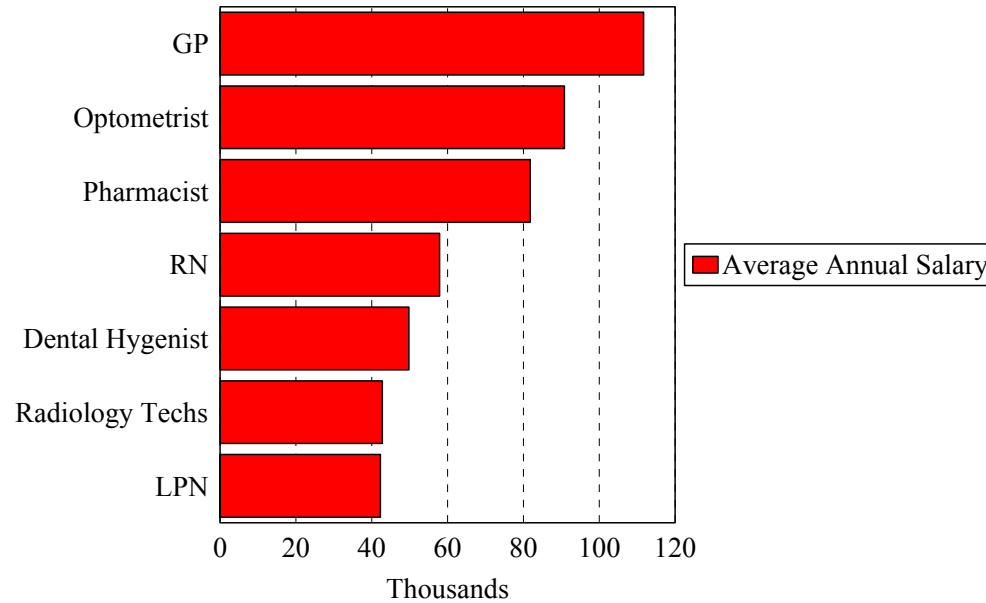
DE Health Occupations, 2005.

Occupation (SOC code)	Employment(1)
Healthcare Practitioner and Technical Occupations(290000)	21210
Chiropractors(291011)	70
Dentists, General(291021)	280
Dietitians and Nutritionists(291031)	130
Optometrists(291041)	90
Pharmacists(291051)	560
Anesthesiologists(291061)	(8)-
Family and General Practitioners(291062)	290
Internists, General(291063)	220
Obstetricians and Gynecologists(291064)	50
Psychiatrists(291066)	(8)-
Surgeons(291067)	300
Physicians and Surgeons, All Other(291069)	530
Physician Assistants(291071)	290
Podiatrists(291081)	70
Registered Nurses(291111)	7710
Occupational Therapists(291122)	450
Physical Therapists(291123)	420
Recreational Therapists(291125)	90
Respiratory Therapists(291126)	260
Speech-Language Pathologists(291127)	270
Veterinarians(291131)	180
Health Diagnosing and Treating Practitioners, All Other(291199)	150
Medical and Clinical Laboratory Technologists(292011)	430

Occupation (SOC code)	Employment(1)
Medical and Clinical Laboratory Technicians(292012)	210
Dental Hygienists(292021)	590
Diagnostic Medical Sonographers(292032)	330
Nuclear Medicine Technologists(292033)	60
Radiologic Technologists and Technicians(292034)	960
Emergency Medical Technicians and Paramedics(292041)	600
Pharmacy Technicians(292052)	970
Respiratory Therapy Technicians(292054)	50
Surgical Technologists(292055)	240
Veterinary Technologists and Technicians(292056)	180
Licensed Practical and Licensed Vocational Nurses(292061)	1,750
Medical Records and Health Information Technicians(292071)	480
Opticians, Dispensing(292081)	(8)-
Health Technologists and Technicians, All Other(292099)	60
Occupational Health and Safety Specialists(299011)	170
Healthcare Practitioner and Technical Workers, All Other(299099)	(8)-
Healthcare Support Occupations(310000)	9,290
Home Health Aides(311011)	1,270
Nursing Aides, Orderlies, and Attendants(311012)	4,680
Physical Therapist Assistants(312021)	220
Physical Therapist Aides(312022)	170
Massage Therapists(319011)	90
Dental Assistants(319091)	620
Medical Assistants(319092)	870
Medical Equipment Preparers(319093)	180
Medical Transcriptionists(319094)	230
Pharmacy Aides(319095)	60
Veterinary Assistants and Laboratory Animal Caretakers(319096)	300
Healthcare Support Workers, All Other(319099)	440

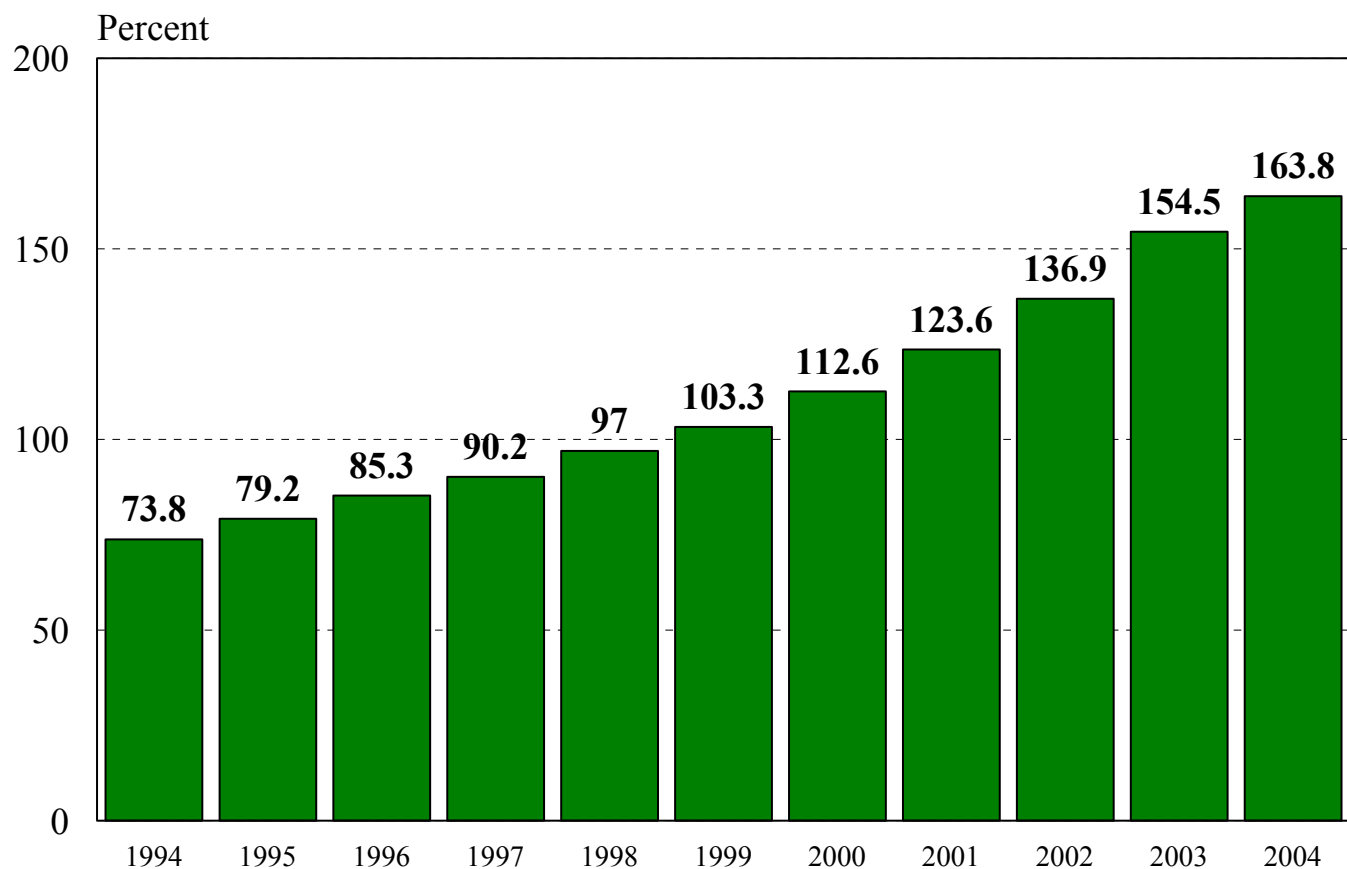
Source: BLS & DE DoL. (8)- denotes not reported.

Delaware Health Care Provider Salaries



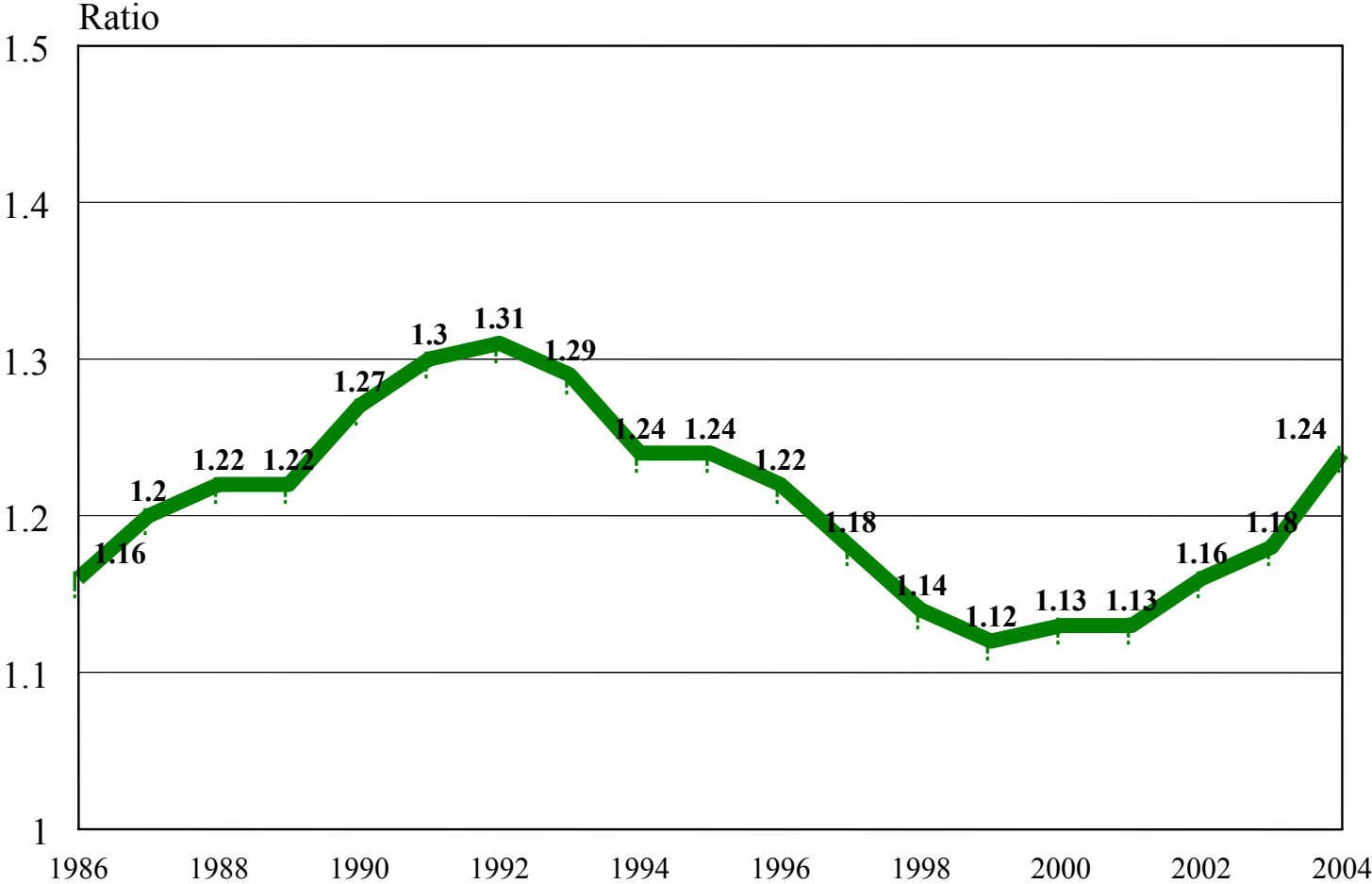
Source: Delaware Wages 2004, Office of Occupational and Labor Market Information, Delaware Department of Labor.

National Markup of Charges over Costs for All Patient Care Services, 1994-2004



Source: Center for Applied Demography and Survey Research, University of Delaware and MedPac data derived from AHA Annual Survey of Hospitals.

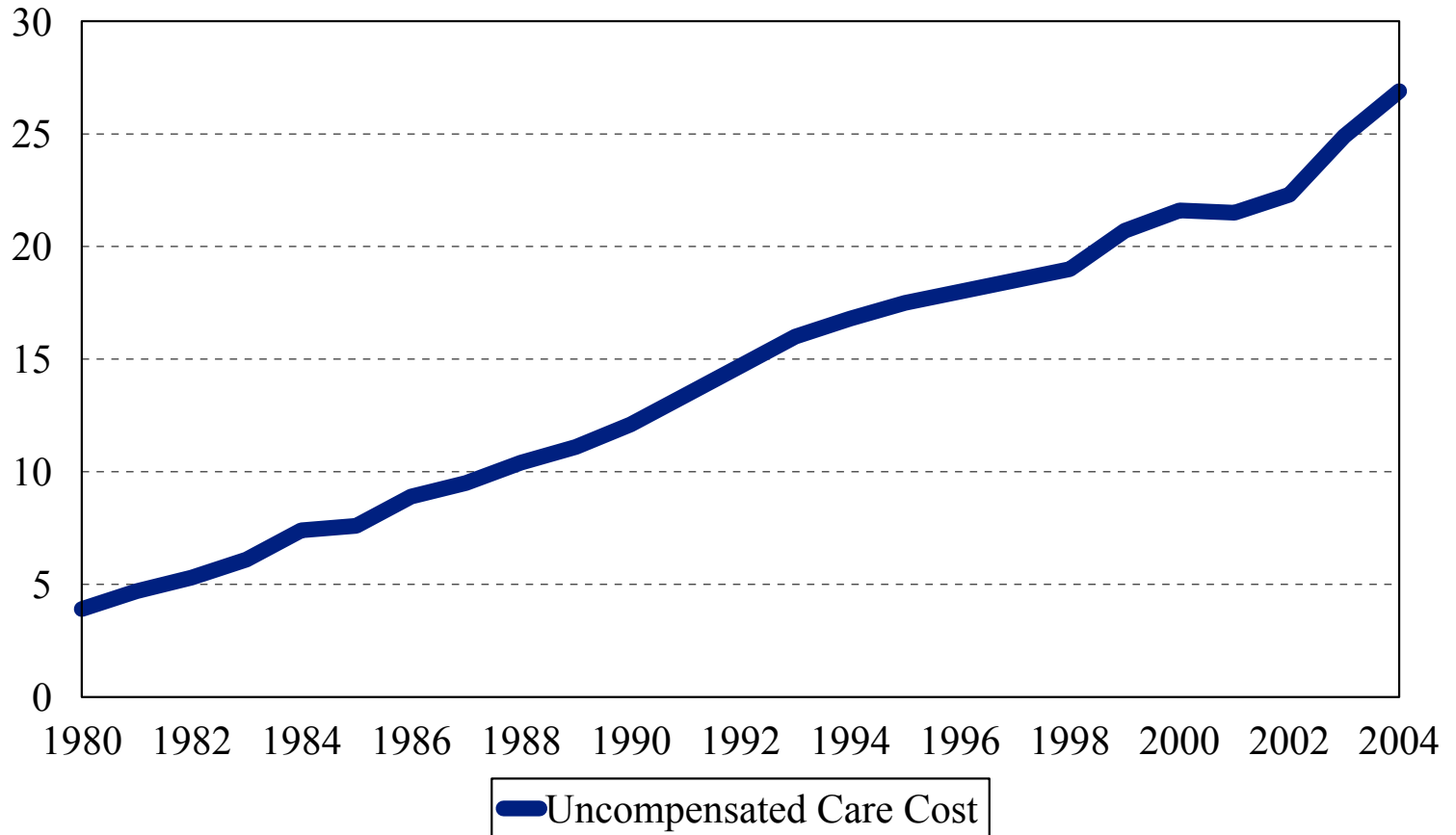
National Private Payer Payment-to-Cost Ratio, 1986-2004



Source: Center for Applied Demography and Survey Research, University of Delaware and MedPac data derived from AHA Annual Survey of Hospitals.

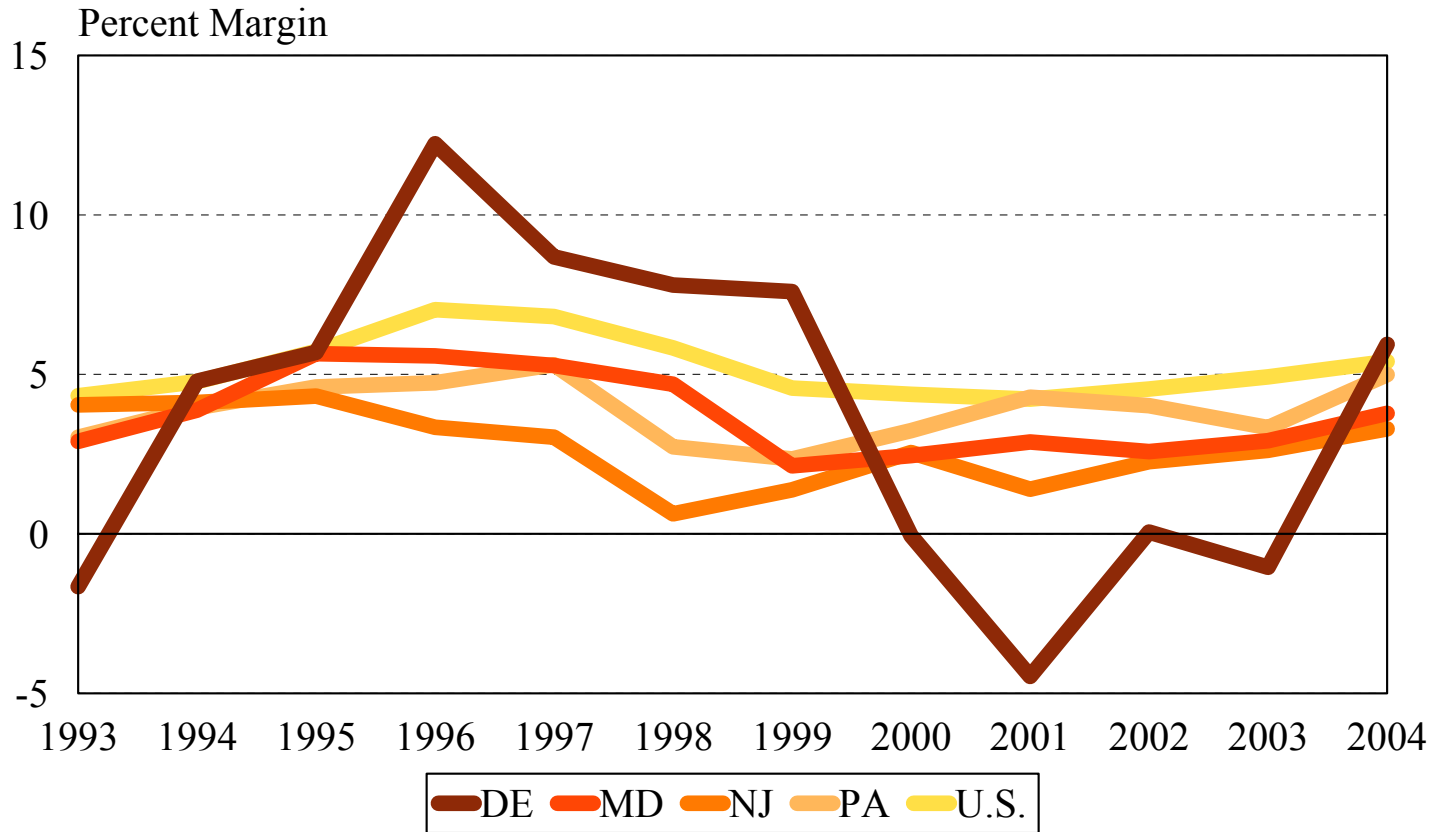
National Uncompensated Care Based on Cost: 1980-2004 (in Billions)

Registered Community Hospitals



Source: AHA Uncompensated Hospital Care Cost Fact Sheet 2005.

Hospital Margins



Source: AHA. Total Net Revenue/Total Expenses of Hospital Unit (excludes separate nursing home units).

Cost Shift Data

- Costs, Charges, Revenue by Payer Type
- Uncompensated Care
- A data source should be
 - Available and consistent over time.
 - Reliable source.

Observations

- Total Cost is growing at approximately 8% per year. \$5.8bn in 2005.
- Medical Prices are rising 4% annually.
- Nationally, cost shift is increasing.
- Delaware Health Care Industry is an engine for job growth in the state. Projections show that employment in the industry will continue. This will place pressure upward pressure on wages, costs and ultimately charges.