

US public health spending in 2000

Healthcare spending totalled \$US1.3 trillion in the US in 2000, representing the second consecutive year in which healthcare spending surpassed the growth in gross domestic product, report researchers from the US.

In the private sector, individuals insured through employer-sponsored health plans chose more costly, less restrictive plans. In particular, one of the fastest growing healthcare payer sectors was private health insurance premiums, which increased 8.4% to \$US443.9 billion in 2000; the increase in premiums was mainly attributed to a rise in the cost of benefits, particularly for prescription drugs.

'Double-digit growth' for Rx drugs

Legislative changes in the public sector also contributed to the rise in healthcare expenditure in 2000, say the researchers. Taking advantage of expanding budget surpluses, amendments to the 1997 Balanced Budget Act resulted in a mean increase of 5.6% in Medicare spending for the year, compared with 1999.

Of all healthcare services, spending on prescription drugs accounted for the largest growth rate, increasing 17.3% in 2000, *'the sixth consecutive year of double-digit growth'*, the researchers note. However, since, for the most part, spending on hospitalisation makes up a larger share of total healthcare expenditure than prescription drugs, it contributed even more to the rise in spending in 2000; spending on hospitalisation rose by 5.1%, compared with 1999.

'End of an era'?

It is likely that healthcare costs in the US will continue to accelerate, the researchers note. *'This stands in stark contrast to recent reports of an increasingly sluggish U.S. economy'*, they say. Therefore, *'pressure will mount on both public and private payers to finance accelerating health care costs out of decelerating incomes and revenues'*, they add. *'These national health spending estimates may well mark the end of an era of reasonably affordable health care cost growth'*, the researchers conclude.