

# Recession Leads to Cutbacks in Health Spending

BY ALICIA AULT

FROM THE JOURNAL HEALTH AFFAIRS

WASHINGTON – Health care spending grew at its slowest rate in 50 years in 2009, as the recession caused Americans, especially those with lower incomes and less insurance coverage, to cut back on their use of physician, hospital, and other health services, according to a report by federal analysts.

The data indicated that Americans specifically reduced their physician office visits in 2009, and in particular, reduced their visits to primary care physicians.

The overall 4% rate of health spending growth followed an increase of 4.7% in 2008. In 2009, the nation's total health tab was \$2.5 trillion, or \$8,086 per person, according to the annual analysis of a federal data set called the National Health Expenditure Accounts by economists and statisticians at the Centers for Medicare and Medicaid Services.

The analysts found that even with a low rate of health care spending growth, health care spending increased as a share of the nation's gross domestic product. Health costs accounted for 17.6% of the GDP, up a record 1% from the previous year. The recession depressed the GDP, and thus allowed health care to gobble up a larger share, said the federal analysts at a press briefing announcing their findings (Health Affairs 2011:111-22 [doi:10.1377/hlthaff.2010.1032]).

The economists and statisticians painted a picture of a nation stunned by job loss and declining incomes. In the past, there has been a lag between a recession and any impact on health costs, largely because it has been thought that people will always need health care, said Anne Martin, an economist at the CMS Office of the Actuary.

But in 2009, the impact was almost immediate, according to Ms. Martin.

Seventy-one percent of the nation's health spending was covered by insurance from private or public payers, according to the report. Medicare spending remained steady from 2008 to 2009, but there was a large reduction in spending by private insurers. The government analysts said that this was due in part to a reduction in private coverage. They estimated that private insurance enrollment declined by 6.3 million people or 3.2%.

Medicaid, on the other hand, saw its rate of spending grow by 4%, in part offsetting the slowdown by other payers, said Ms. Martin. More children and working-age adults enrolled in Medicaid as the economy continued to flatten, she said, and also because of provisions of the stimulus bill, or American Recovery and Reinvestment Act. There was a 7.4% increase in enrollment in 2009, compared with a 3% increase in 2008. The federal government bore most of the burden for the spending increase, she said.

Americans also vastly curbed their out-of-pocket spending on health – another reflection of the poorly performing economy, the federal analysts noted.

Hospital care continues to be the


largest segment of health spending. At \$760 billion, it accounted for at least a third of the nation's health bill. The growth rate in hospital spending for private insurers was only 3% in 2009, down from 6% in 2008. Medicaid's spending growth accelerated from 3% to 10%, in part because enrollees used emergency departments for primary care.

Physician spending was the second-biggest category, at \$505 billion in 2009.

The 4% increase from 2008 was the slowest rate of growth since 1996 – partly a result of fewer Americans going to see the doctor. The analysts cited data showing that 36% of Americans said they had fewer health professional visits in 2009, and 59% of that group said the visit they'd skipped was with the primary care physician. Instead, they might have gone to outpatient or retail clinics, according to the report. Spending for "clin-

ical services," which is included in the physician services category, grew at double the rate of physician services.

Finally, prescription drug spending grew more in 2009 than it did in 2008. Spending, which reached \$250 billion, grew 5.3% – faster than the 3.1% growth rate in 2008. The number of drugs dispensed was on par with that before the recession hit. And prices rose more than in 2008, but not as much as in previous years. ■



Mealtime insulin therapy can fit into section 304, seat 12.

**Humalog® KwikPen™ is designed to help fit mealtime insulin therapy into your patient's life. It's small, doesn't need refrigeration after the first use, and can be used almost anywhere.**

**To find out more, go to [www.Humalog.com](http://www.Humalog.com) or see your Lilly sales representative.**

#### Indication

Humalog® (insulin lispro injection [rDNA origin]) is for use in patients with diabetes mellitus for the control of hyperglycemia. Humalog should be used with longer-acting insulin, except when used in combination with sulfonylureas in patients with type 2 diabetes.

#### Important Safety Information

##### Contraindications

Humalog is contraindicated during episodes of hypoglycemia and in patients sensitive to Humalog or one of its excipients.

#### Important Safety Information, continued

##### Warnings

Humalog differs from regular human insulin by its rapid onset of action as well as a shorter duration of action. Therefore, when used as a mealtime insulin, Humalog should be given within 15 minutes before or immediately after a meal.

Due to the short duration of action of Humalog, patients with type 1 diabetes also require a longer-acting insulin to maintain glucose control (except when using an insulin pump).

Glucose monitoring is recommended for all patients with diabetes.

The safety and effectiveness of Humalog in patients less than 3 years of age have not been established. There are no adequate and well-controlled clinical studies of the use of Humalog in pregnant or nursing women.

**Starting or changing insulin therapy should be done cautiously and only under medical supervision.**