Are Health Care Costs in Alaska spiraling out of control?
An overview

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General Overview

What do we know?
Is our spending growing fast?

Where is the money actually being spent?
Health Expenditures
Outline

1. General Overview
   - What do we know?
     - Is our spending growing fast?

2. Where is the money actually being spent?
   - Health Expenditures
In spite of attempts to bend the cost curve, health expenditures have grown inexorably. This health "crisis" affects governments, employers, workers and the uninsured.

Much of the debate centers on what single factor is driving this issue. The reality is however slightly more complicated in that Administrative Overhead, Technology, Cost of Dying, Underfunding of Public Health, Physician Incomes, Prescription Drugs are all thought to contribute to the cost and its rate of growth.
Some Basics

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General Overview
Where is the money actually being spent?
What is the current state of Health Care costs nationally?
Is our spending growing fast?

How big of a problem is this?

Why do we care?
Health care costs take up a significant portion of Gross Domestic Product.
As of 2010, 18 percent of the U.S economy was devoted to health care.
More importantly, Health care spending is consuming an increasing share of economic activity over time and has exceeded economic growth in every recent decade.
Let's talk Alaska (How much are we actually spending?)

Health spending per capita in 2009

Alaska's spending per capita was $9,127 in 2009

$6,815
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Could wealth explain the spending differences?

![Gross State Product Per Capita](chart)

- District of Columbia: $71,475
- United States: $46,705

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Health Spending as a share of GSP

Percent of GSP spent on Health Care

Alaska spends 13% of its GSP on health care expenditures.
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Yes?

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Growth rate of spending in Alaska and comparison states

Average yearly growth rate in Alaska between 1991 and 2009 was 7.2%
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Categories of Health spending

Health Care Spending by Category (2009)

- Hospital care: 31%
- Physician care: 41.8%
- Prescription drugs: 9.54%
- Dental services: 2.19%
- Nursing Home care: 6.31%
- Home Health care: 6.85%
- Medical Durables: 1.57%
- Other health, Residential, and personal care: 7.3%
Growth Rates of Health Care Expenditures

- **Alaska**: Average Yearly Growth Rate is 9.2%
- **Oregon**: Average Yearly Growth Rate is 8.4%
- **United States**: Average Yearly Growth Rate is 8.1%
- **Washington**: Average Yearly Growth Rate is 8.9%

Where is the money actually being spent?

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Health Expenditures

Occupational Wages and Concentration

Concentration and Wages

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Health Care Costs in Alaska
An aging state means continued spending in this sector.
- In 2013, the industry provided 37,242 jobs and had payroll of 1.85 billion dollars.
- Medicaid expansion coupled with the changing demographics and the dispersed population indicate expenditure growth.
Some rigidities to keep in mind

- The spending conversation cannot be decoupled from the characteristics of the state’s residents.
  - Medicaid enrollment in 2010 was 127,853 at a cost of about 1.4 billion dollars.
  - A small portion of users are responsible for a large portion of the expenditures.
  - The cost of other commodities is also higher in Alaska.
Thank You

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