

The Total Cost of Health Care in Delaware 2006

**prepared for
the Delaware Health Care Commission**

**presented by
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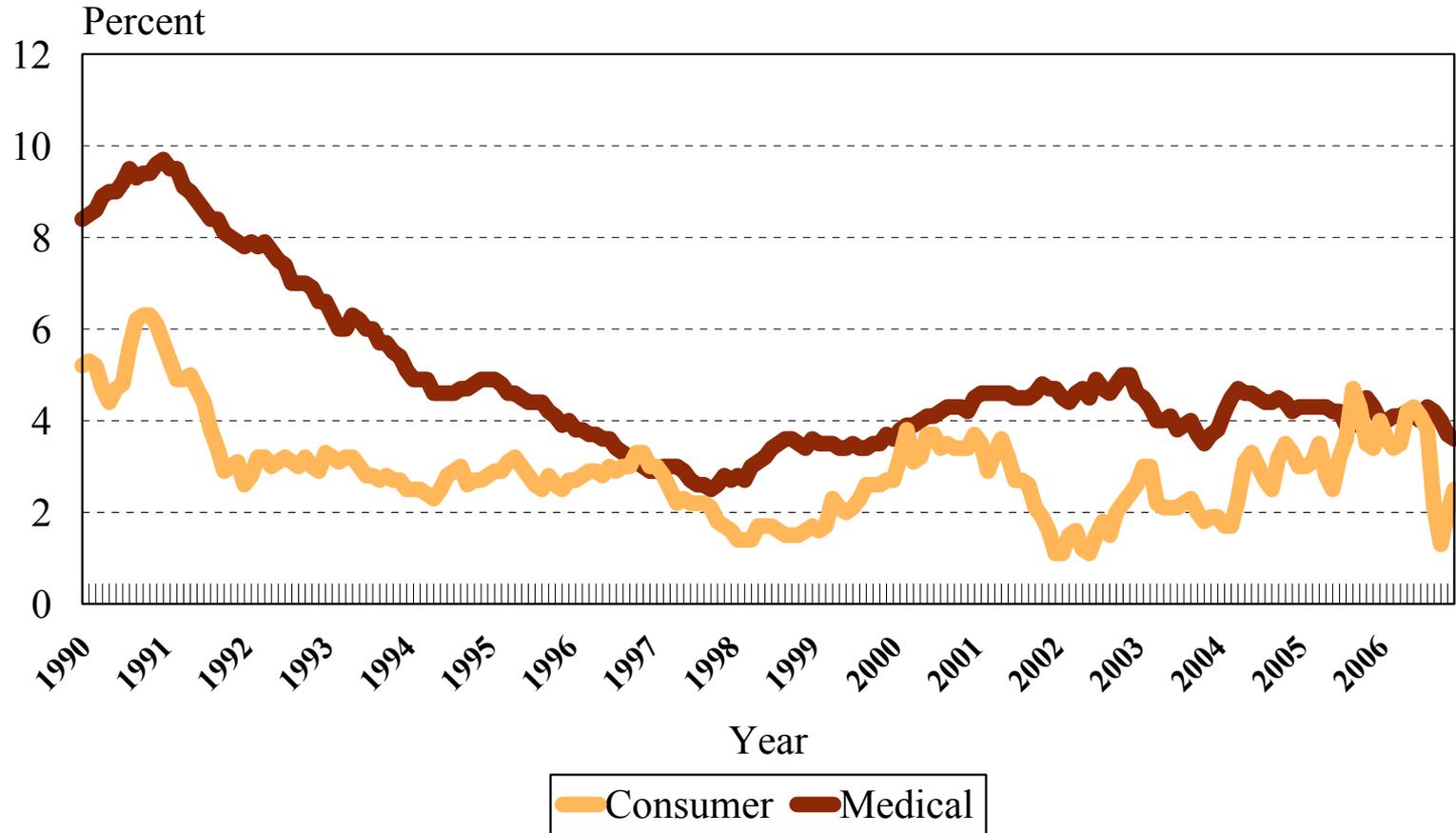
Health Care Expenditures - A Primer

Spending is equal to the product of three terms:

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

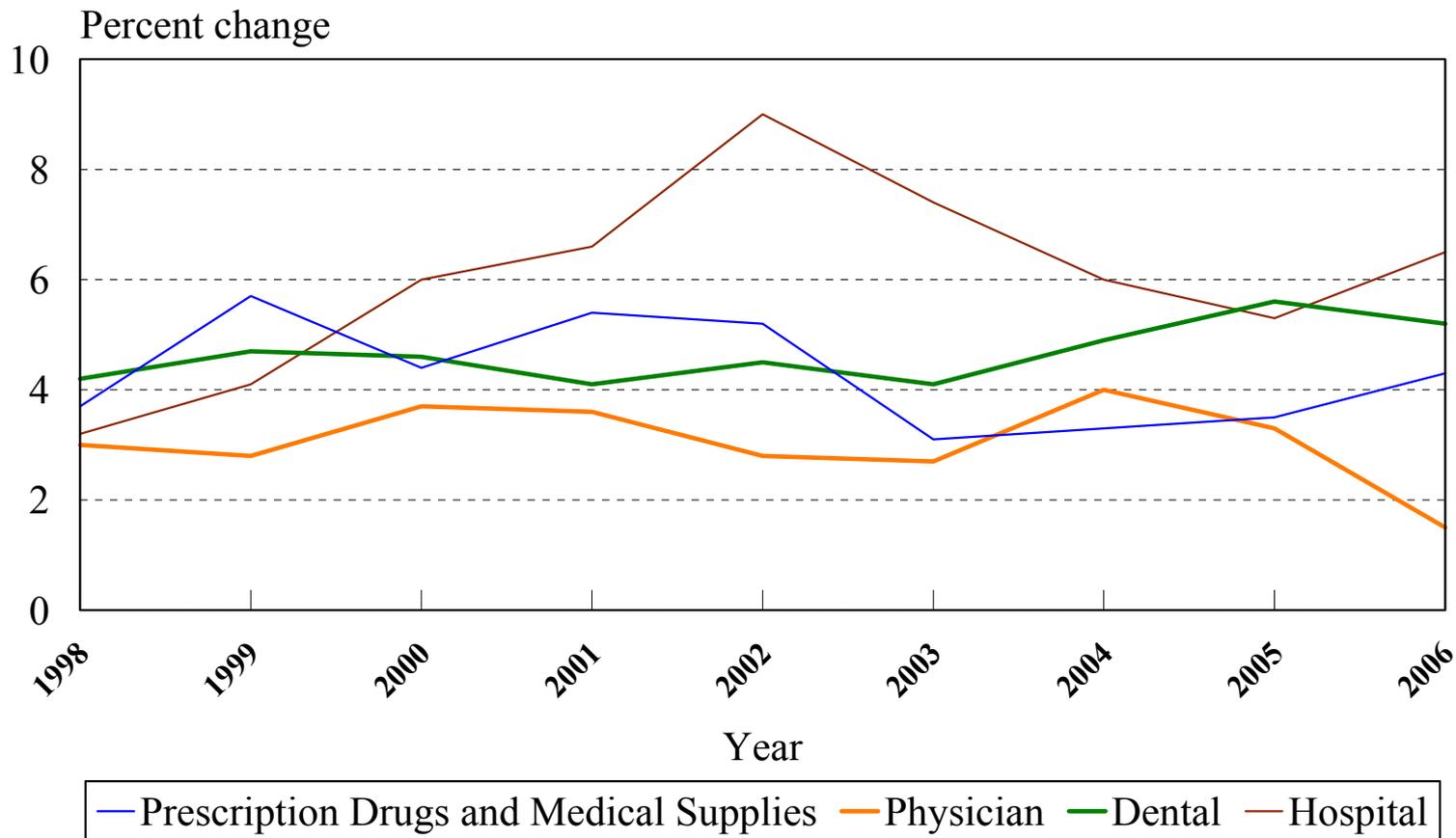
Annual Change in the Consumer Price Index

All Urban Consumers: US



Bureau of Labor Statistics

Medical Care Price Index All Urban Consumers: US



Bureau of Labor Statistics

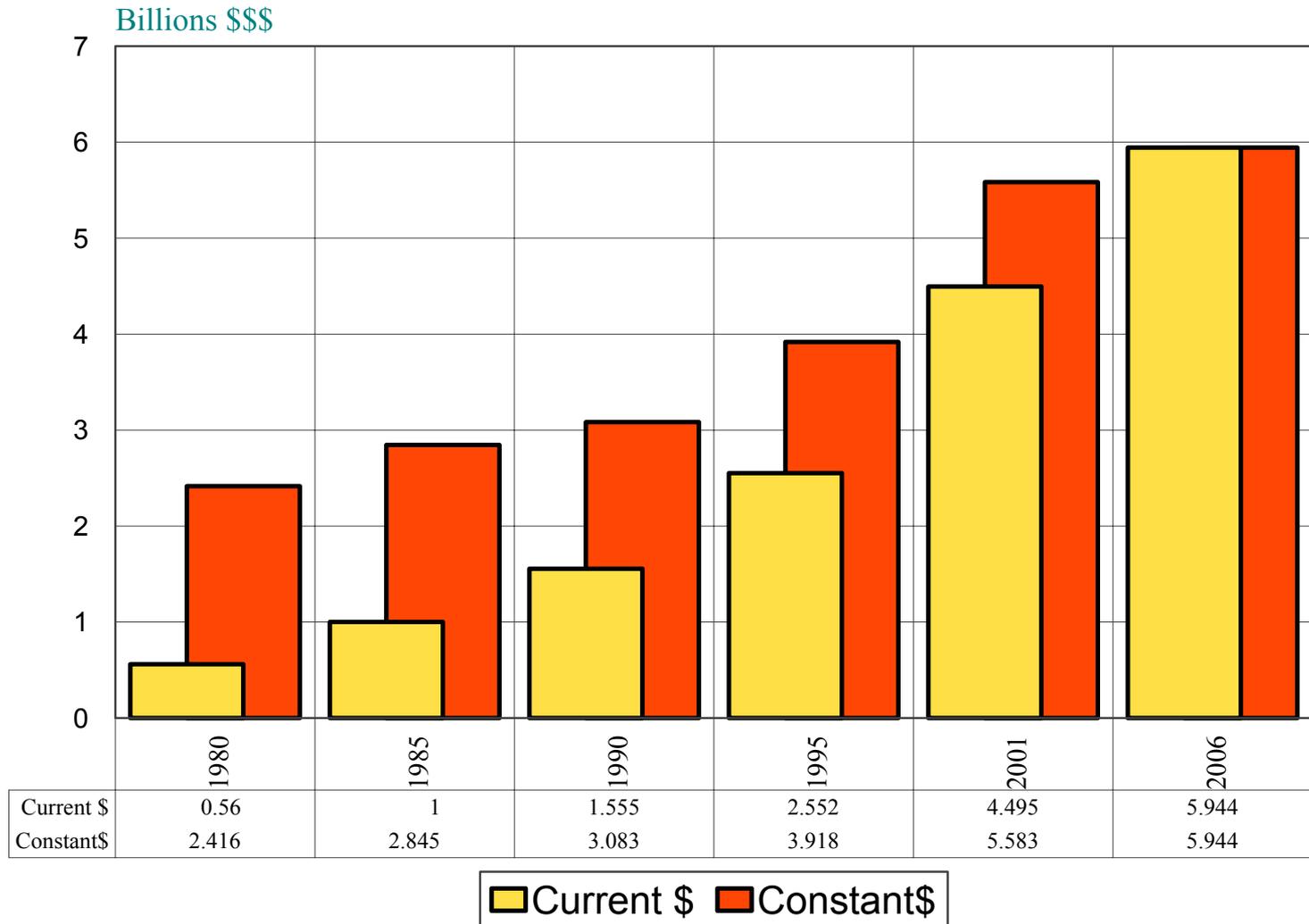
DE Hospital Utilization

	1993	2005	Percent Change
Population	695,000	844,000	21.4
Beds	2,153	1,909	-11.3
Admissions	79,345	103,863	30.9
Inpatient Days	561,190	639,855	14.0
Average Length of Stay (days)	7.1	6.2	-12.7

Source: AHA.

Health Care Expenditures in Delaware

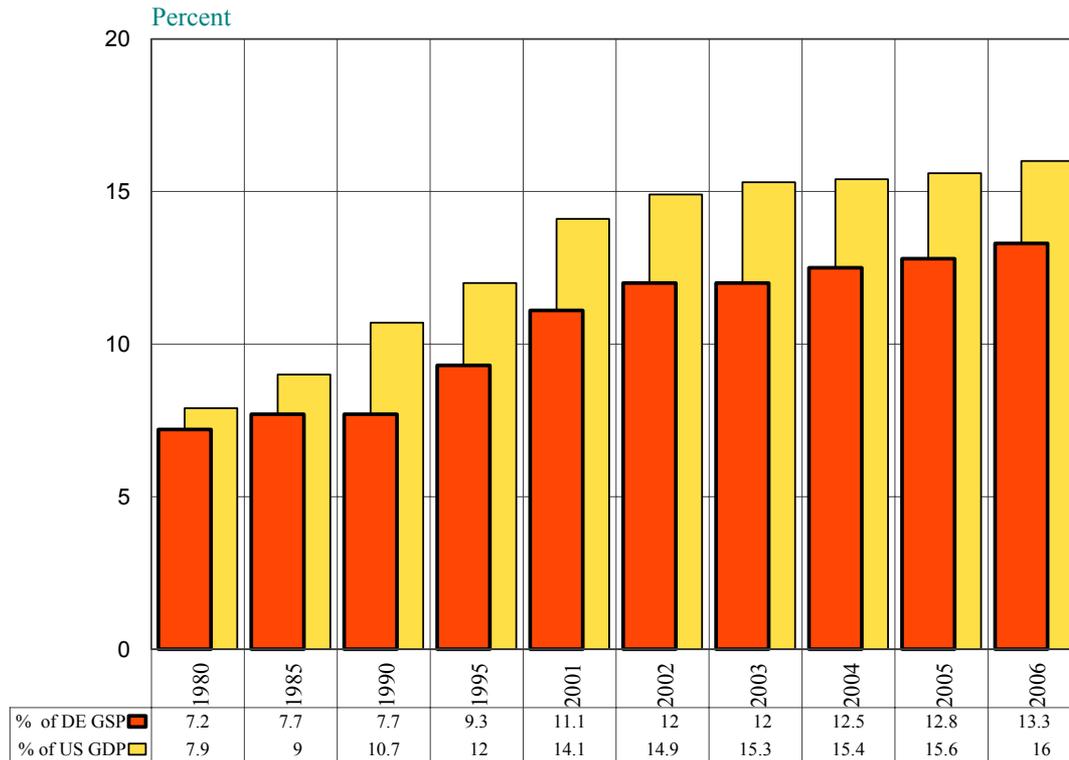
by Nominal and Constant 2006 Dollars



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

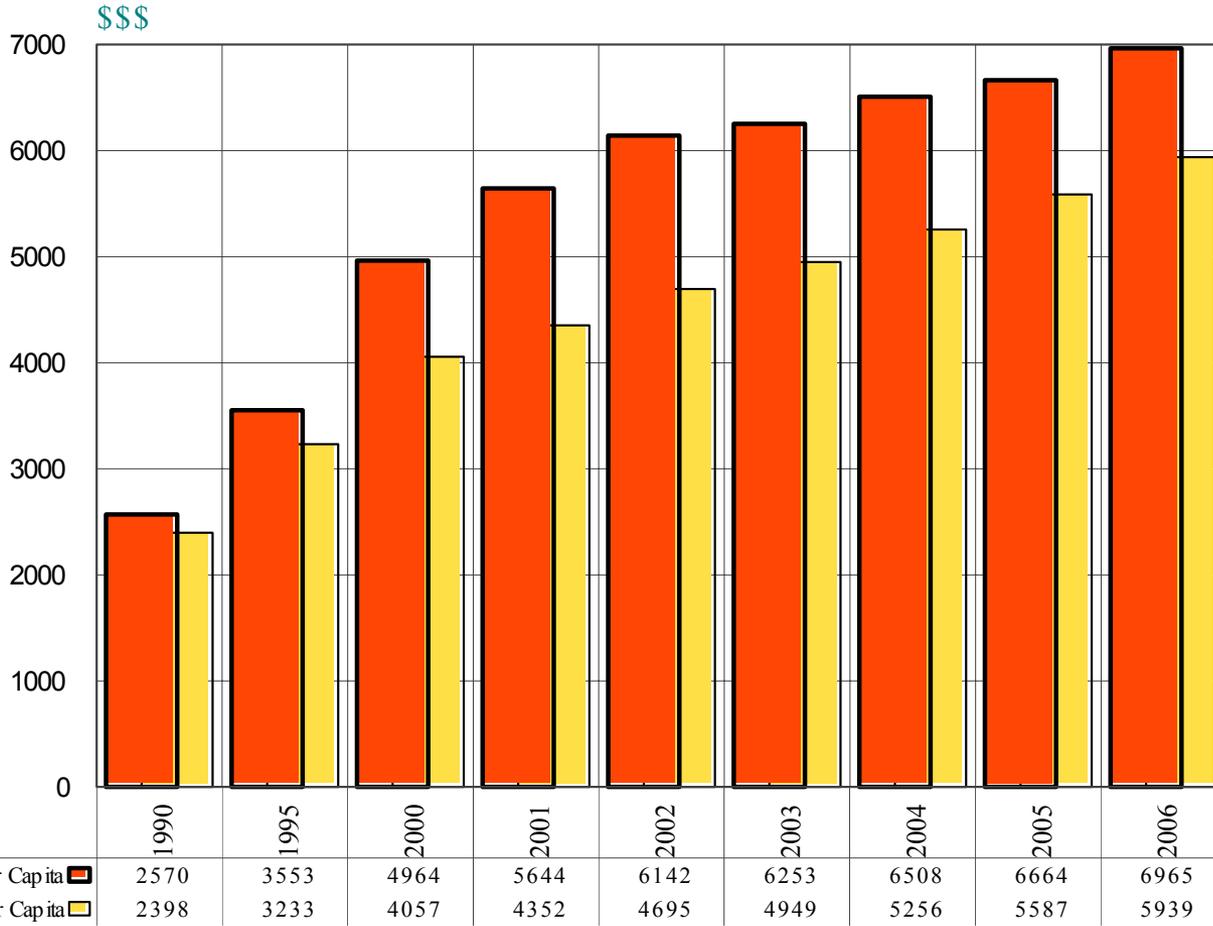
Delaware Personal Health Care Expenditures Share of GSP:

Share of US GDP and Delaware GSP

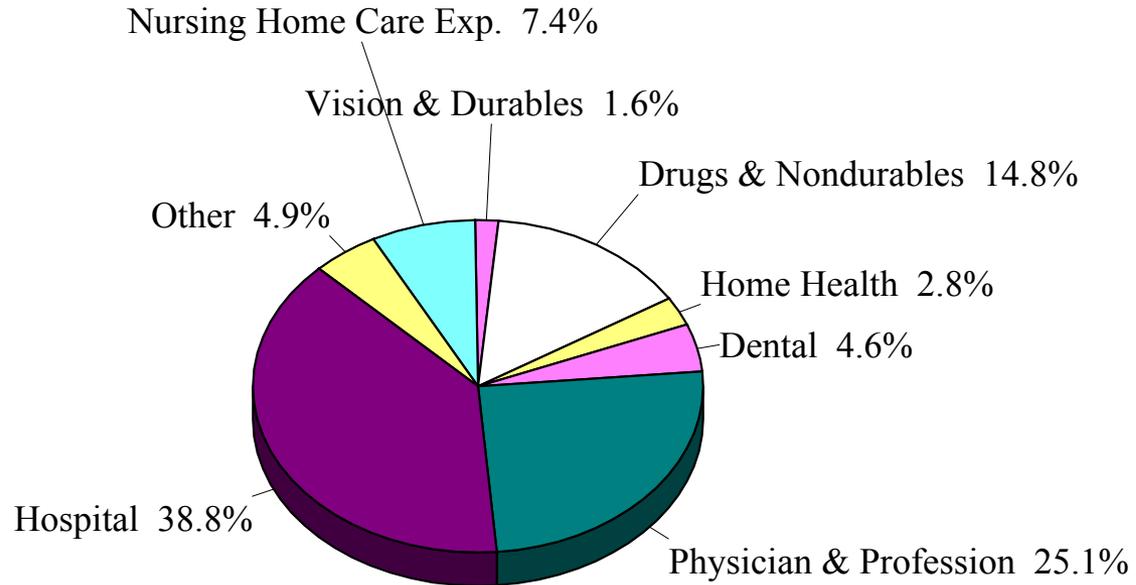


Source: Center for Applied Demography and Survey Research, University of Delaware and CMS. US data is for NHE.

Personal Health Care Expenditures Per Capita: US and Delaware

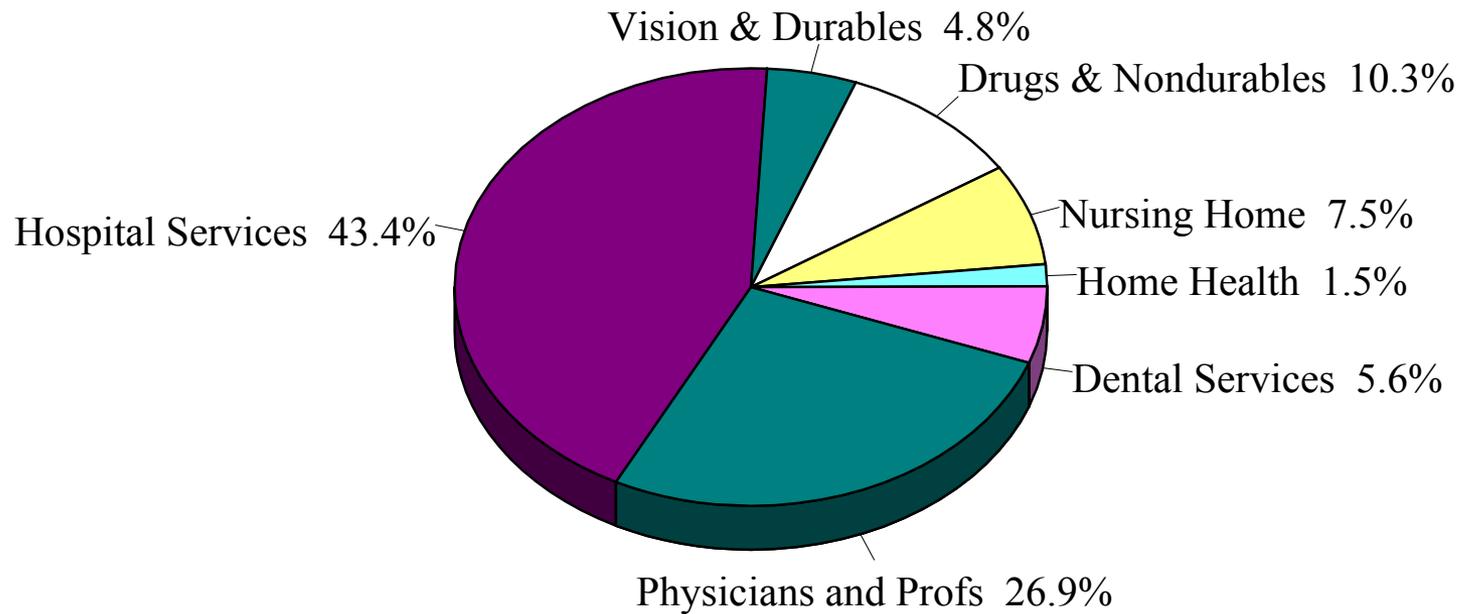


Delaware Personal Health Care Expenditures: Share of Total Expenditures in 2006 by Category



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

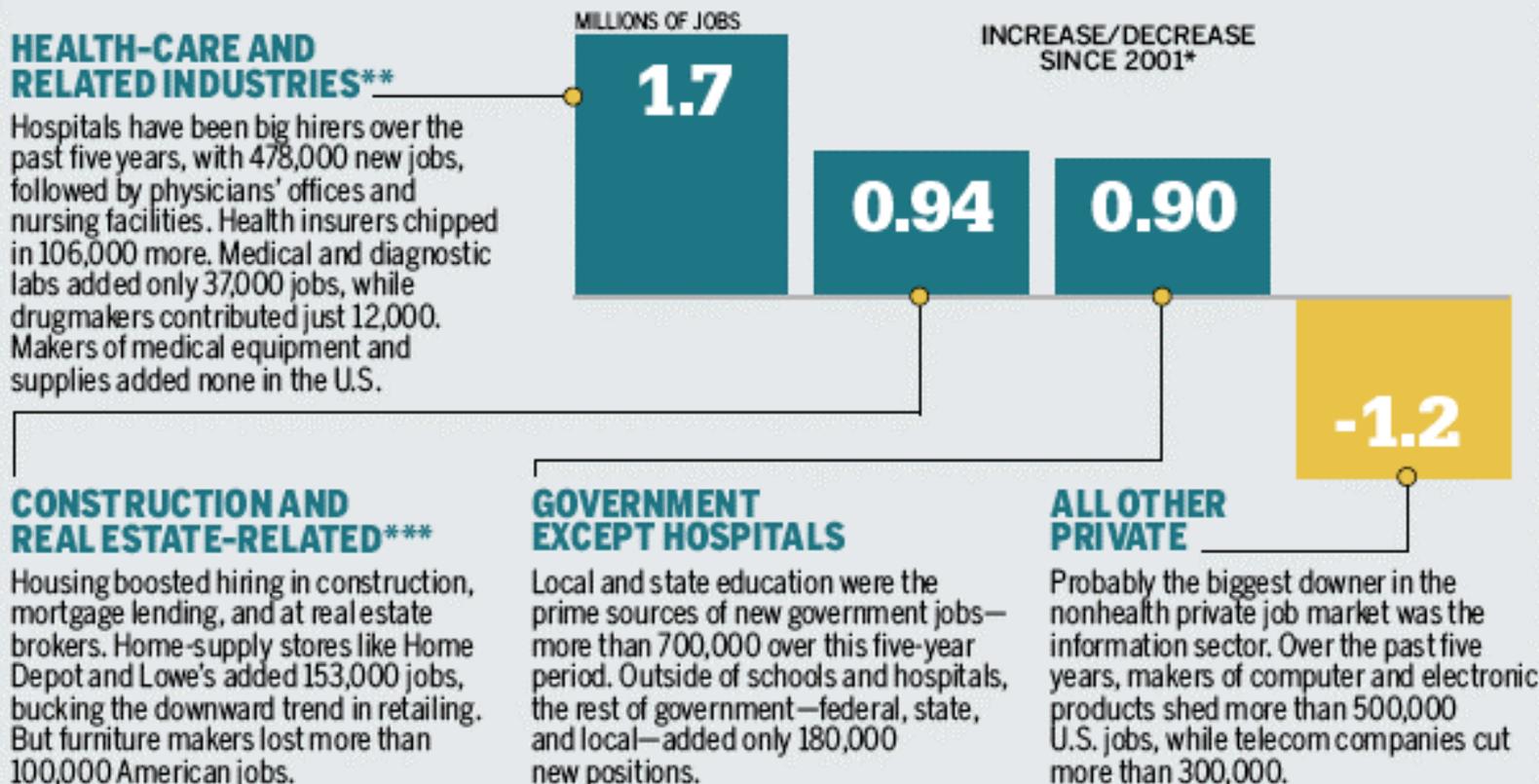


Health care
has added
1.7 million
jobs since
2001. The
rest of the
private
sector?
None.

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.

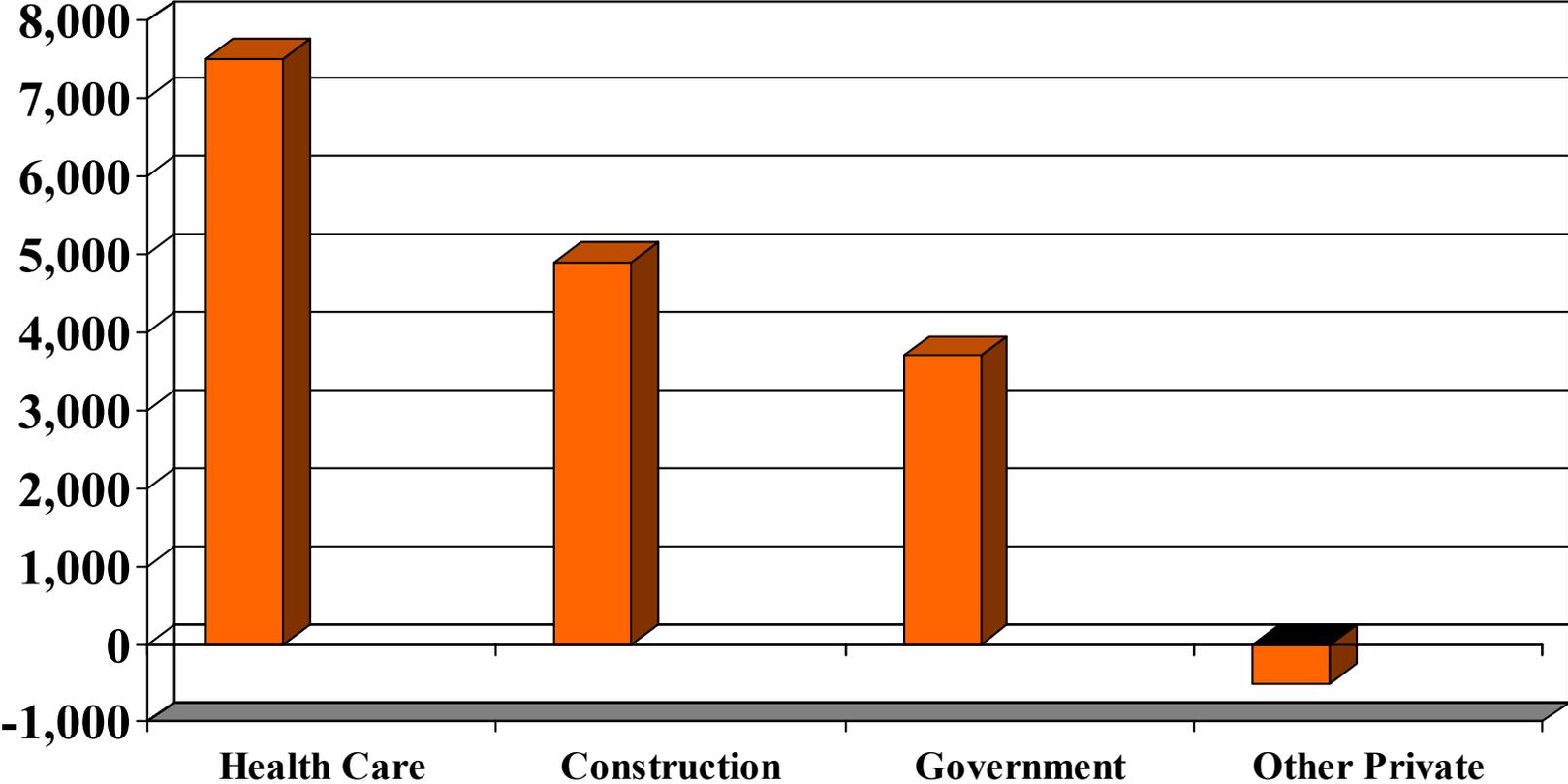


*Year ending in July, 2006, compared with year ending in July, 2001

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

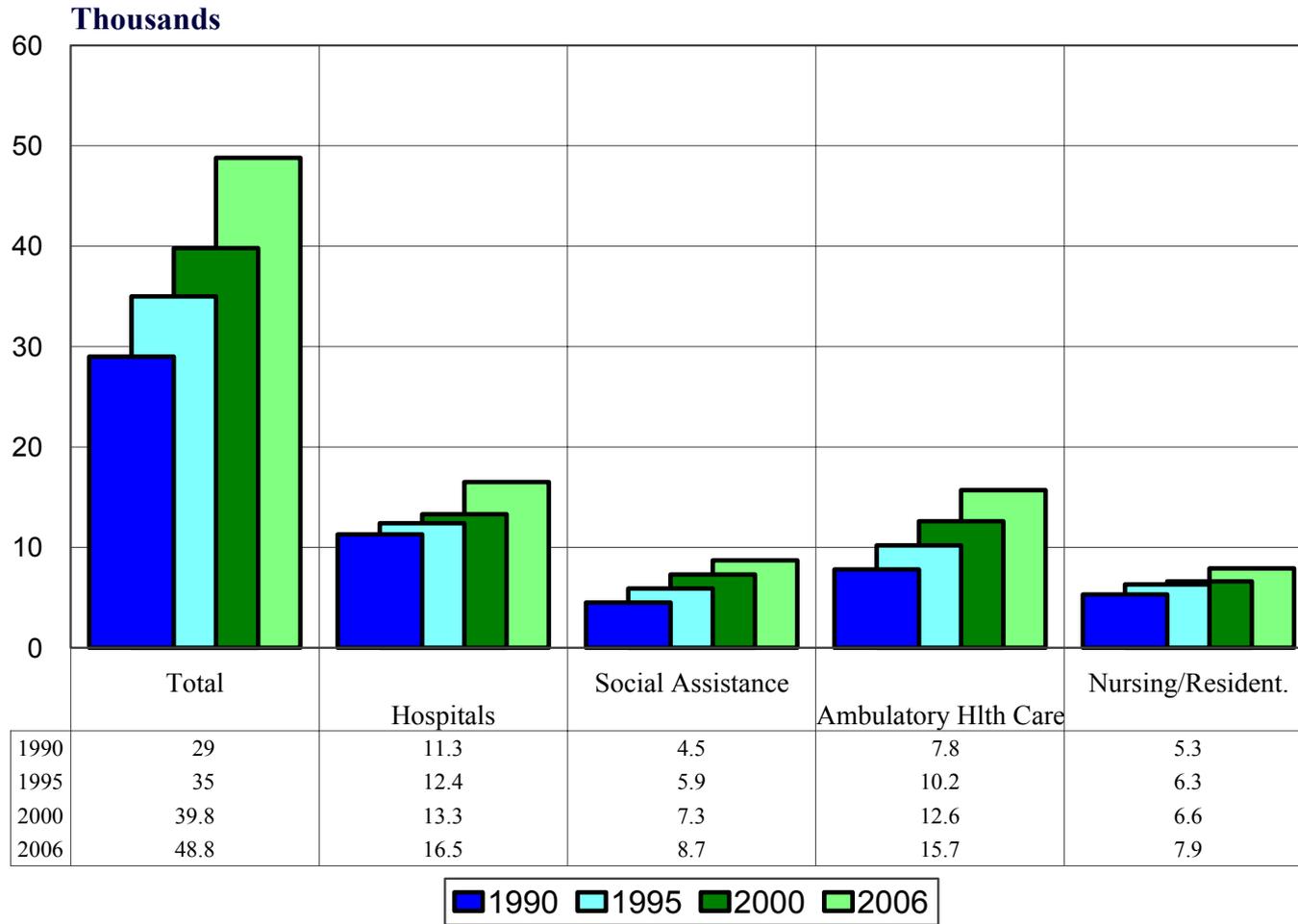
***Industries including construction, building supplies, real estate brokers, mortgage brokers, furniture and appliance manufacturing and distribution, home-supply stores, architects, and interior designers

Delaware Employment Change 2001-2006



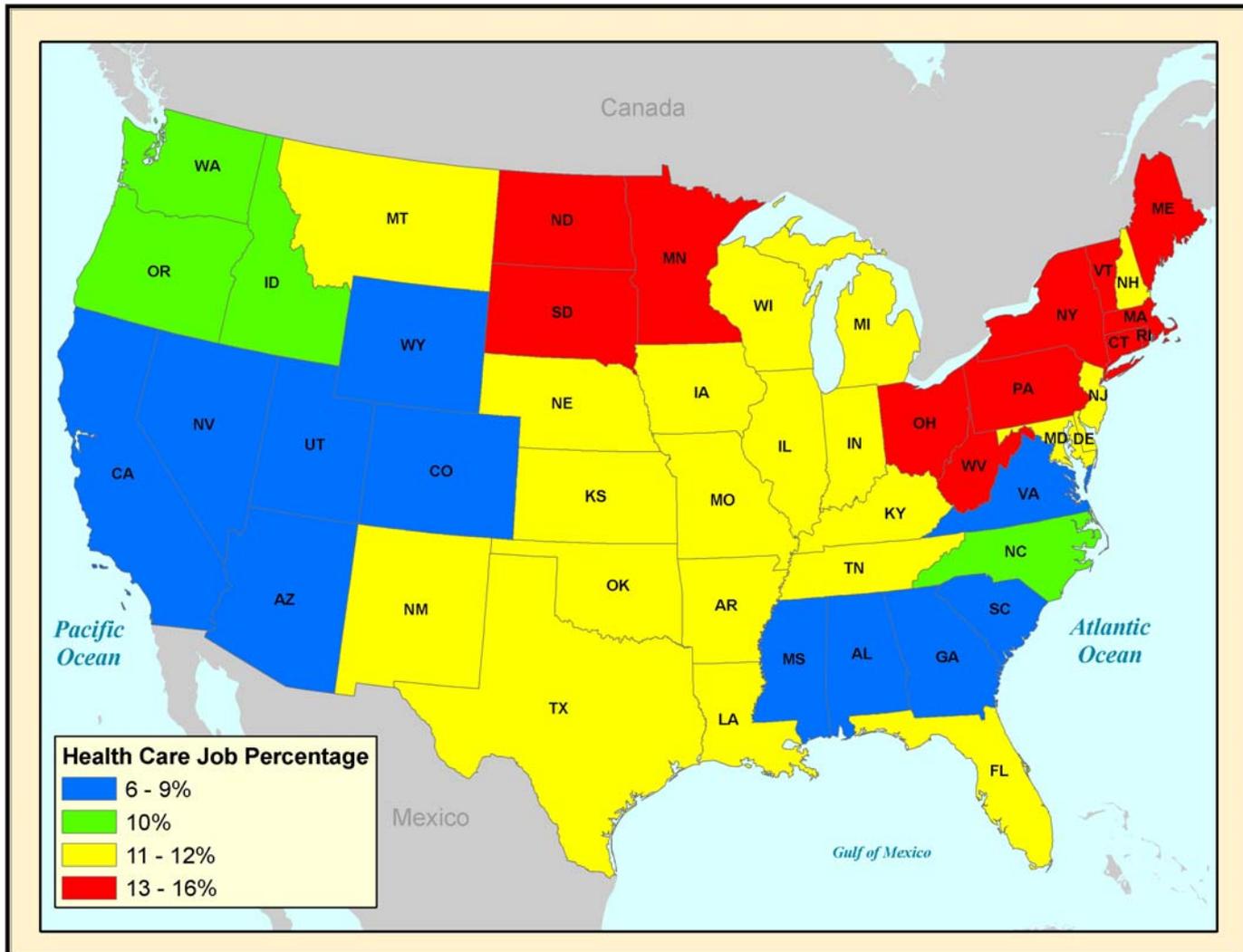
Source: BLS. Construction is reported with natural resources and mining. Education is excluded.
Updated 9/18

Delaware Employment in Health Services



Source: BLS Current Employment Statistics.

Health Care Employment as Percent of Total Employment



Delaware Health Employment

	Employment Growth			Total in 2006
	1990-1995	1995-2000	2000-2006	
Physicians Offices	513	1,649	1,444	7,305
Dentists Offices	220	328	312	2,229
Oth. Health Practitioners Offices	340	170	678	1,989
Outpatient Care Centers	200	231	169	940
Medical and Diagnostic Laboratories	327	(302)	129	446
Home Health Care Services	891	302	(47)	2,134
Other Ambulatory Health Care Services	(2)	(26)	389	637
General Medical and Surgical Hospitals	1,031	966	2,108	15,743
Nursing Care Facilities	(229)	67	753	3,528
Residential Mental Retardation, Mental Health and Substance Abuse Facilities	316	(115)	564	1,119
Community Care Facilities for the Elderly	981	201	(482)	2,580
Other Residential Care Facilities	38	69	198	425
Individual and Family Services	472	348	491	3,174
Community Food and Housing, and Emergency and Other Relief Services	35	56	97	282
Vocational Rehabilitation Services	(13)	336	131	1,380
Child Day Care Services	619	378	707	3,129
Total	5,739	4,667	7,632	47,040

Source: BLS Covered Employment and Wages, private employment only.

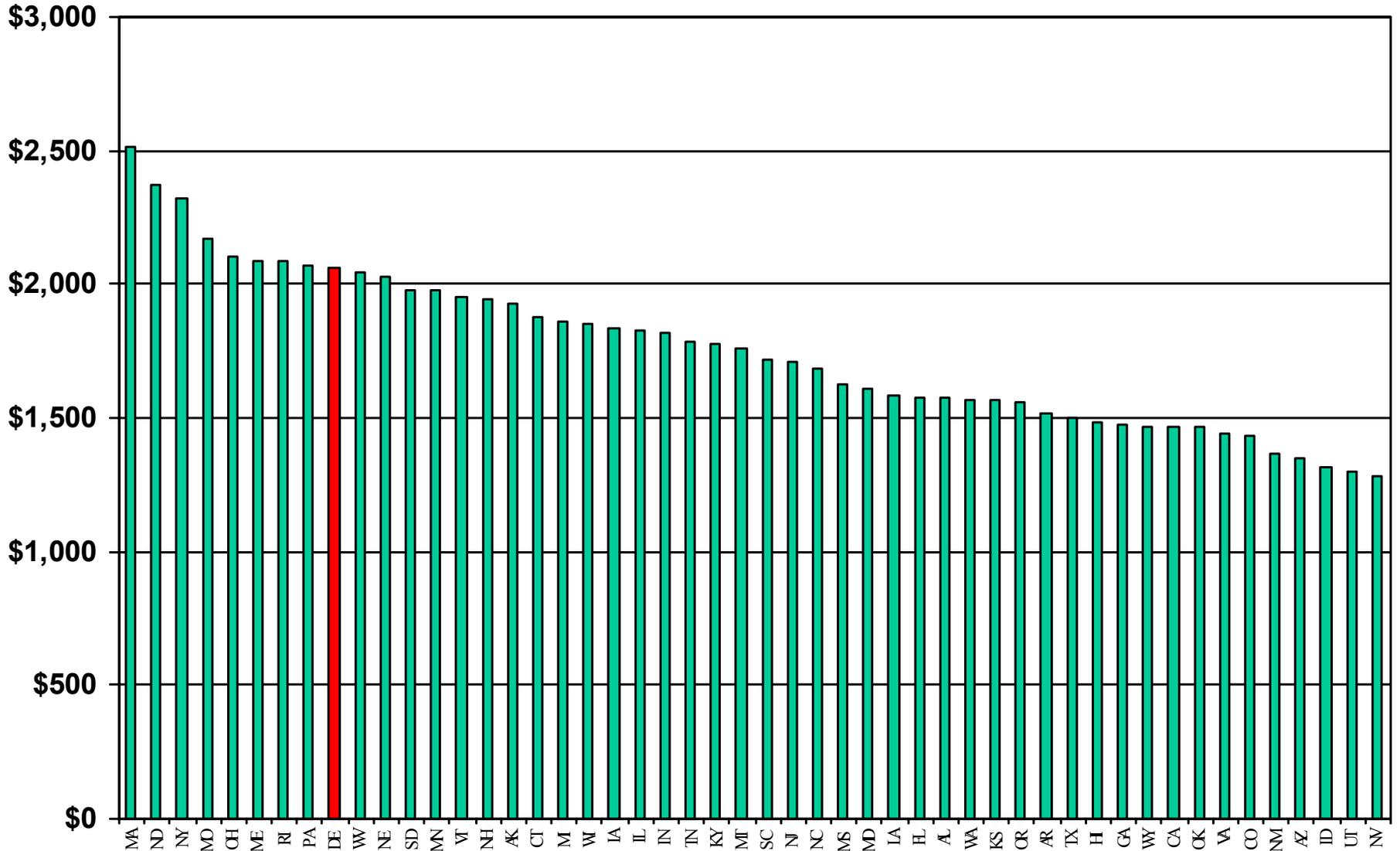
DE Health Occupations, 2006.

SOC Code Number	Occupation Title	Employment 2006
29-0000	Healthcare Practitioners and Technical Occupations	22,030
29-1062	Family and General Practitioners	320
29-1069	Physicians and Surgeons, All Other	620
29-1111	Registered Nurses	7,830
29-1122	Occupational Therapists	510
29-1123	Physical Therapists	450
29-1199	Health Diagnosing and Treating Practitioners, All Other	170
29-2012	Medical and Clinical Laboratory Technicians	200
29-1020	Dentists	260
29-2021	Dental Hygienists	550
29-2032	Diagnostic Medical Sonographers	330
29-2034	Radiologic Technologists and Technicians	910
29-2041	Emergency Medical Technicians and Paramedics	740
29-2052	Pharmacy Technicians	1280
29-2055	Surgical Technologists	240
29-2071	Medical Records and Health Information Technicians	490
29-9010	Occupational Health and Safety Specialists and Technicians	N/A
29-9011	Occupational Health and Safety Specialists	200

Healthcare Support Occupations top

SOC Code Number	Occupation Title	Employment 2006
31-0000	Healthcare Support Occupations	9,770
31-1012	Nursing Aides, Orderlies, and Attendants	4,680
31-9091	Dental Assistants	700

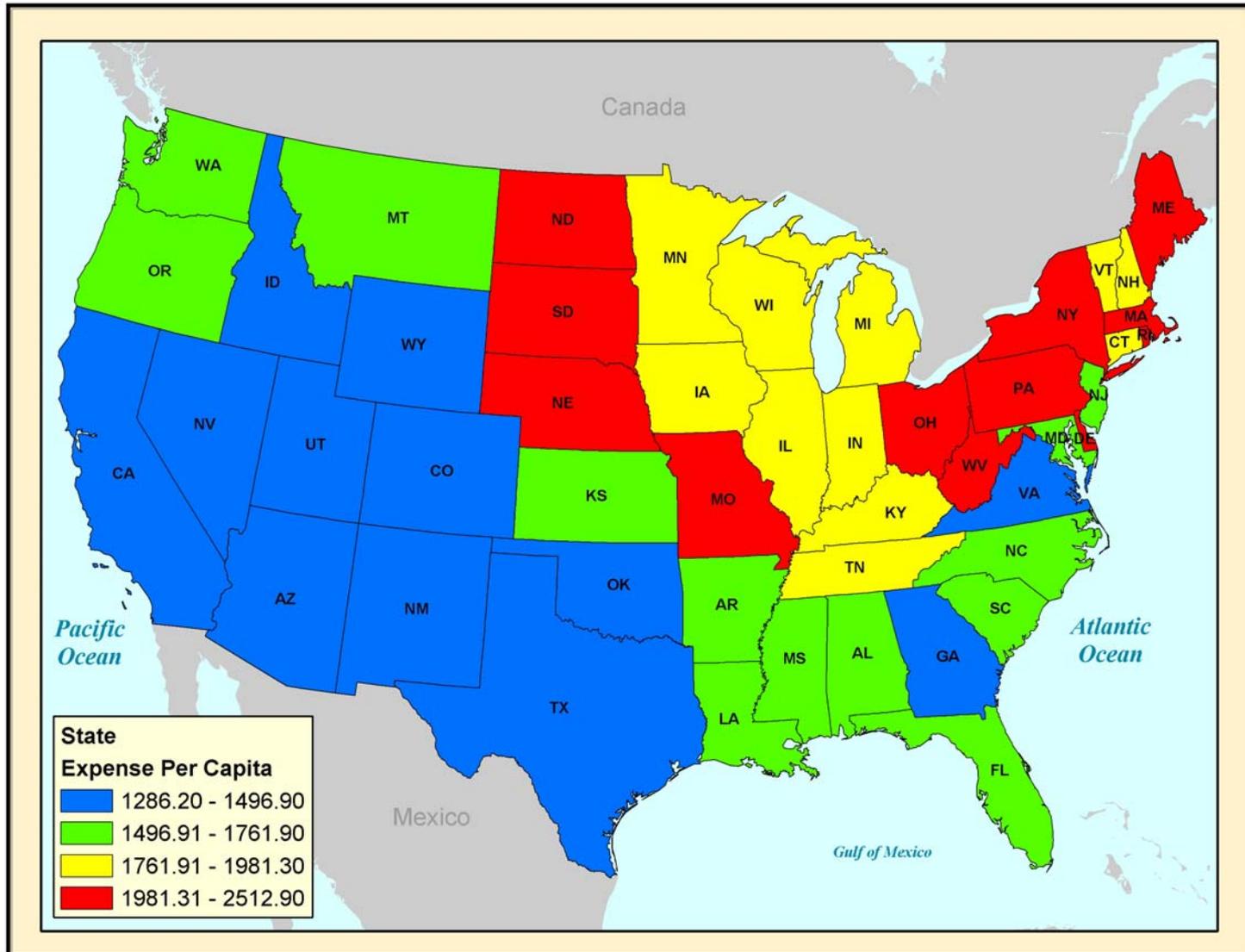
Hospital Expense per Capita (2005)



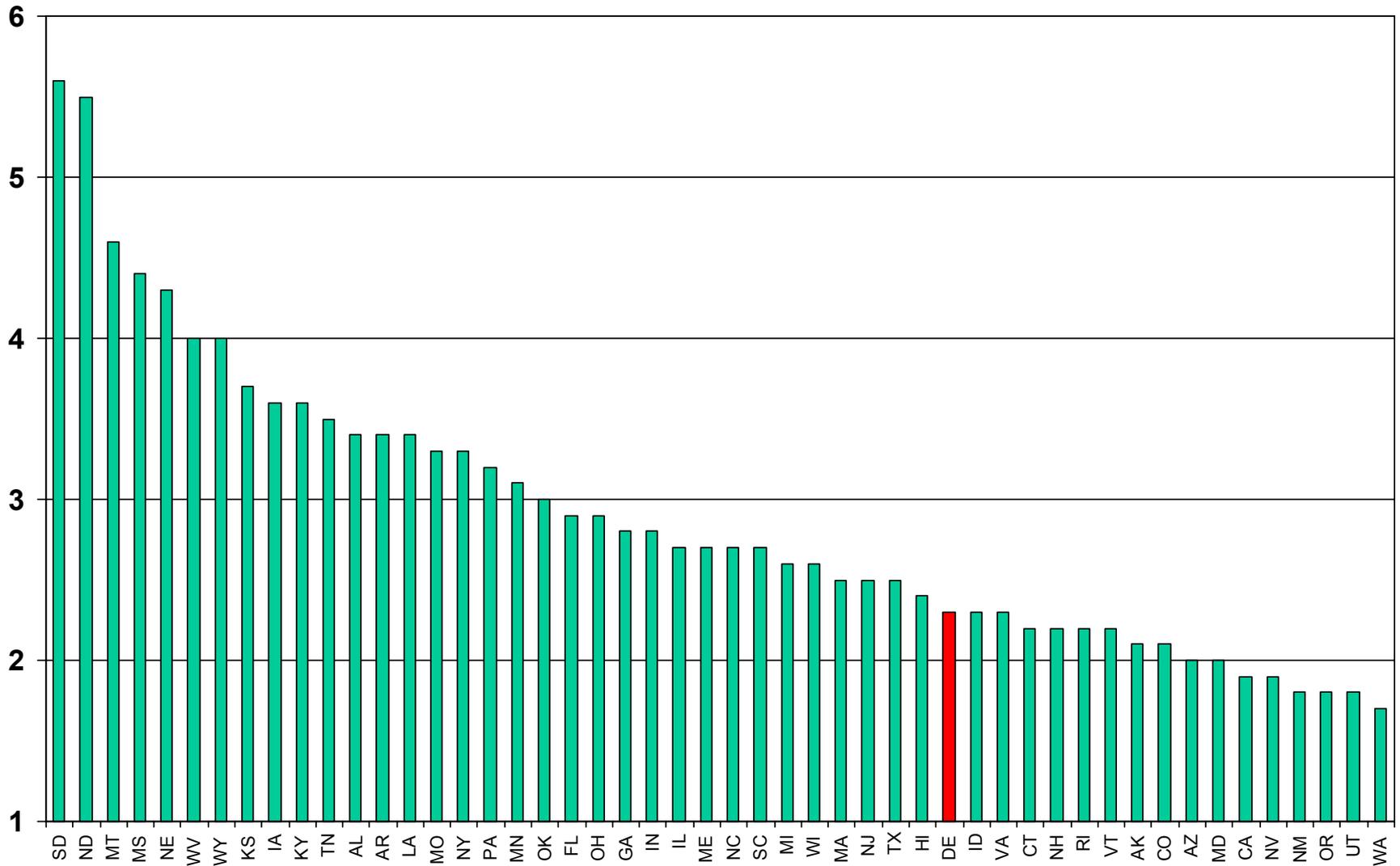
Source: AHA 2005 .

D.C. is omitted from the charts for illustrative purposes.

Hospital Expense Per Capita (AHA 2005)



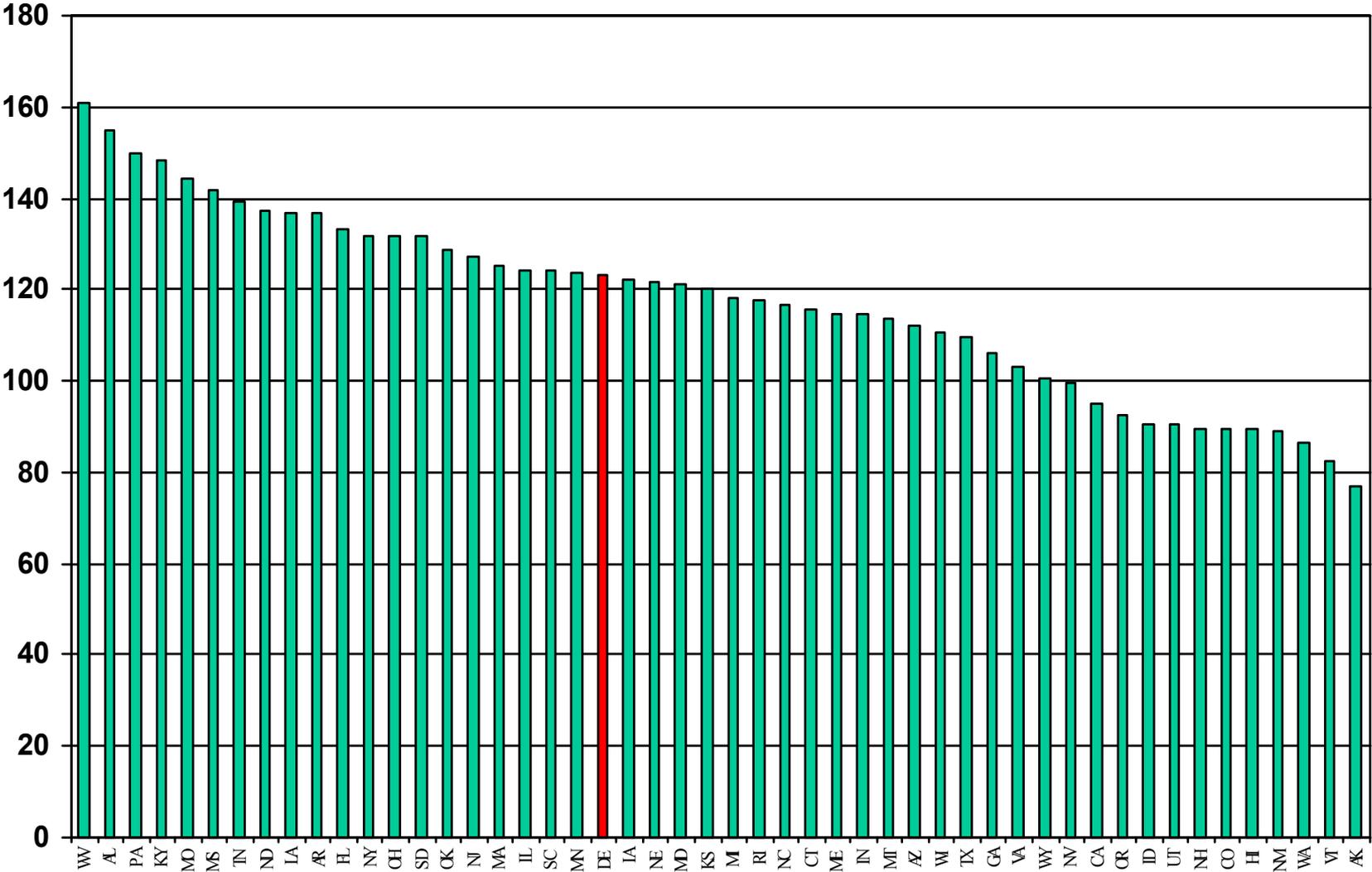
Beds per 1000 Population (2005)



Source: AHA 2005 .

D.C. is omitted from the charts for illustrative purposes.

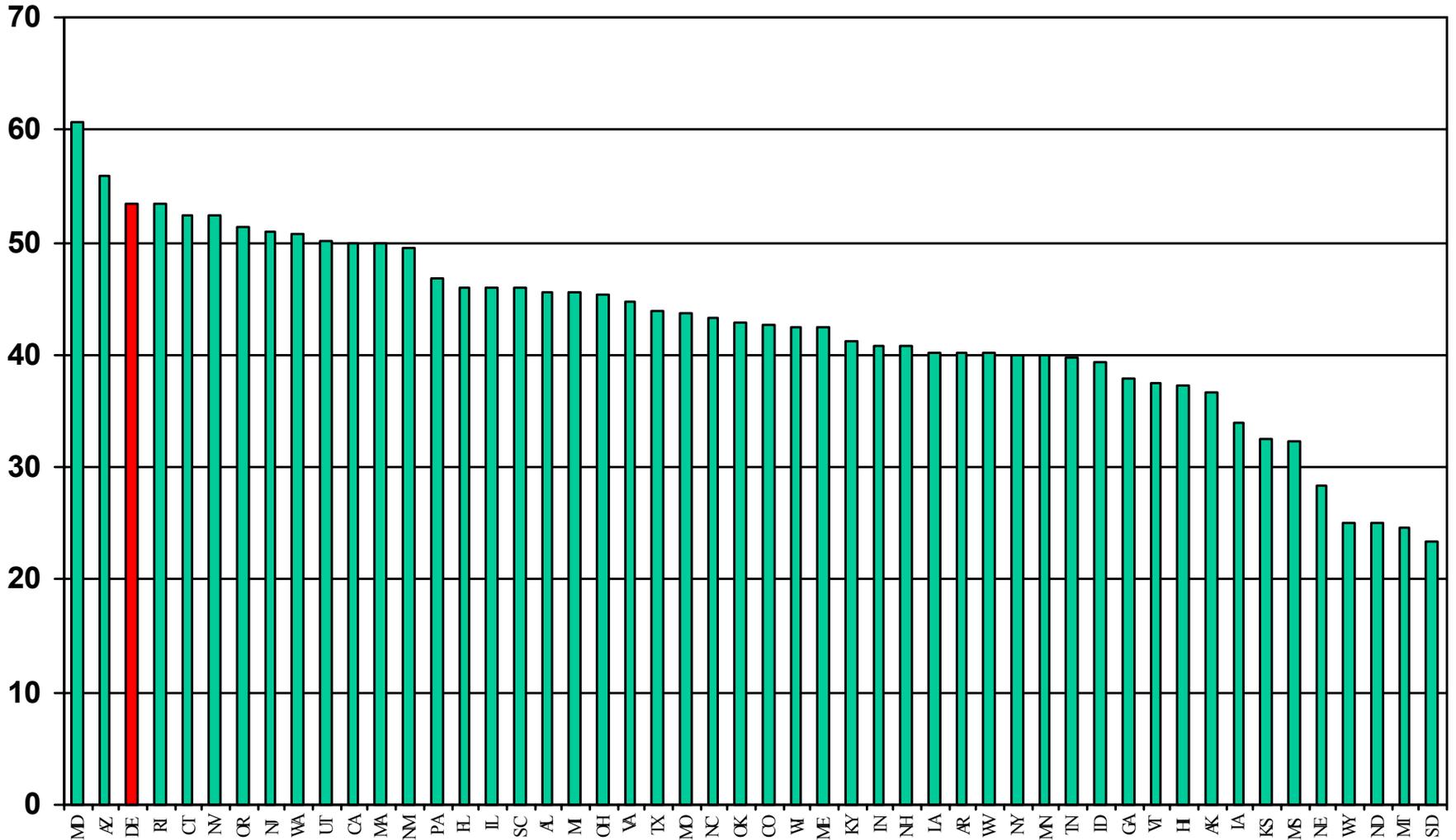
Admissions per 1000 Population (2005)



Source: AHA 2005 .

D.C. is omitted from the charts for illustrative purposes.

Utilization (Admissions/Beds) (2005)



Source: AHA 2005 .

D.C. is omitted from the charts for illustrative purposes.

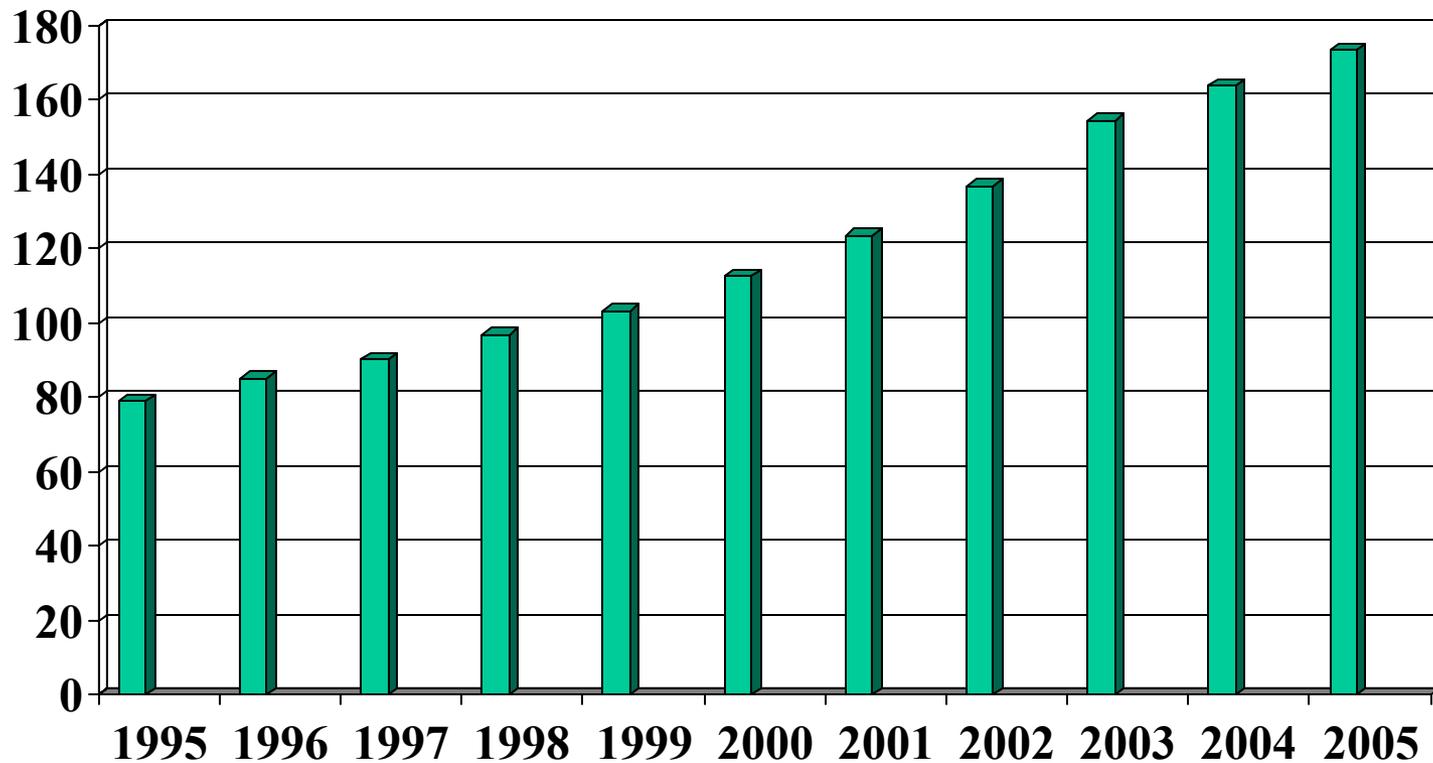
Community Health Indicator for Delaware

Community Health Indicator	Rank (1=first or highest)
Beds	35 th
Admissions	22 nd
Inpatient Days	17 th
Inpatient Surgeries	14 th
Births	13 th
Emergency Outpatient Visits	29 th
Other Outpatient Visits	24 th
Total Outpatient Visits	21 st
Outpatient Surgeries	14 th
Expense per Capita	10 th
Utilization	3 rd

Source: AHA 2005 .

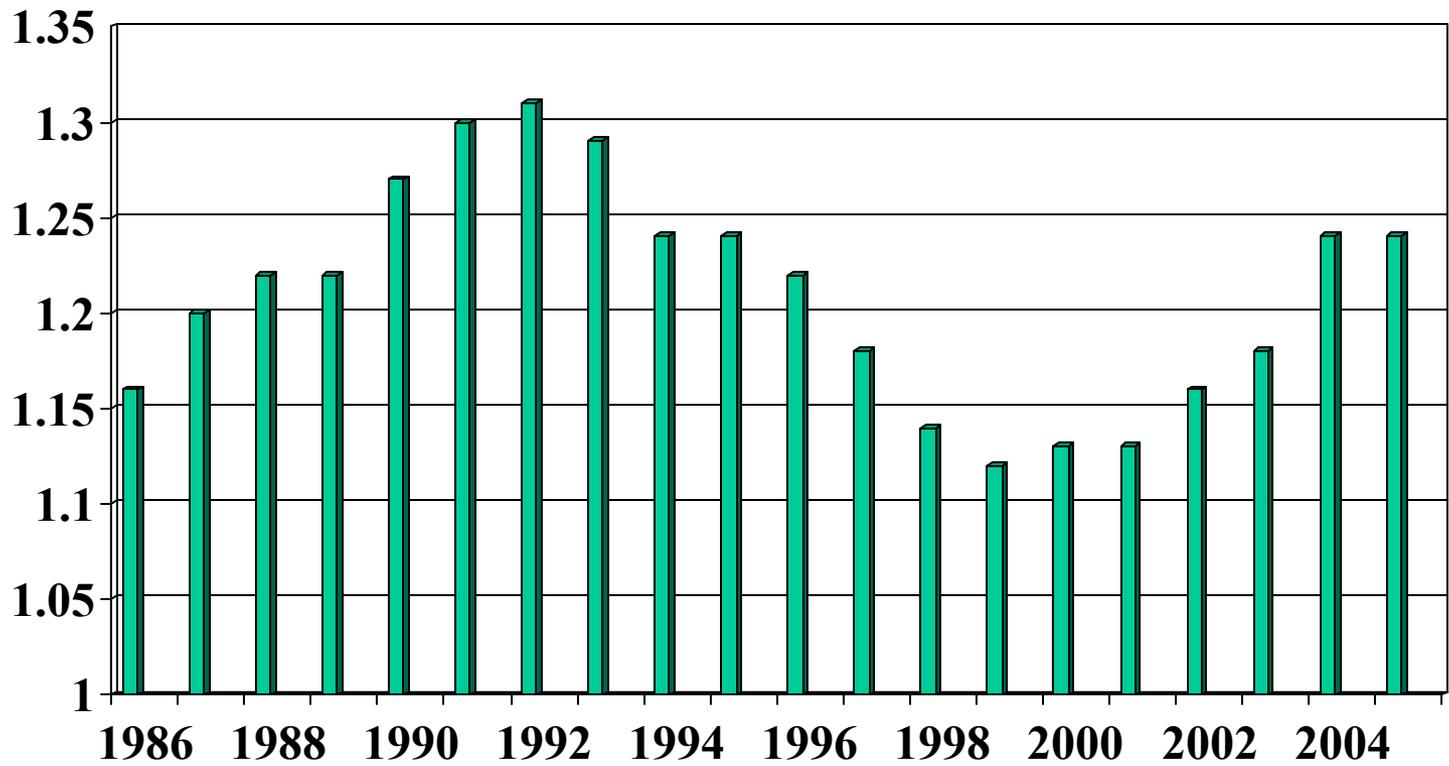
Rankings reflect DE versus the nation, including D.C. However, D.C. is omitted from the charts for illustrative purposes.

National Markup of Charges over Costs for All Patient Care Services, 1995-2005

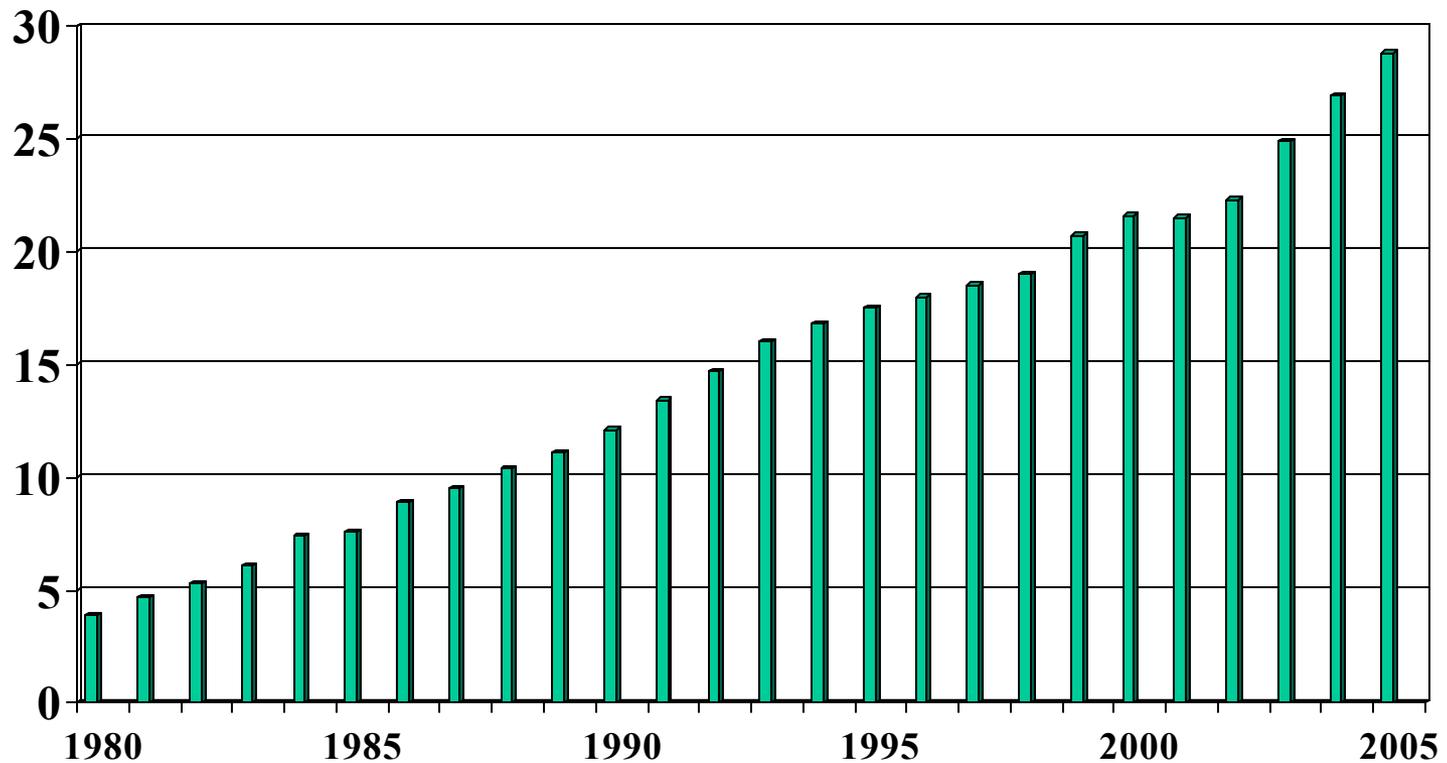


Source: Center for Applied Demography and Survey Research, University of Delaware and MedPac data derived from AHA Annual Survey of Hospitals.

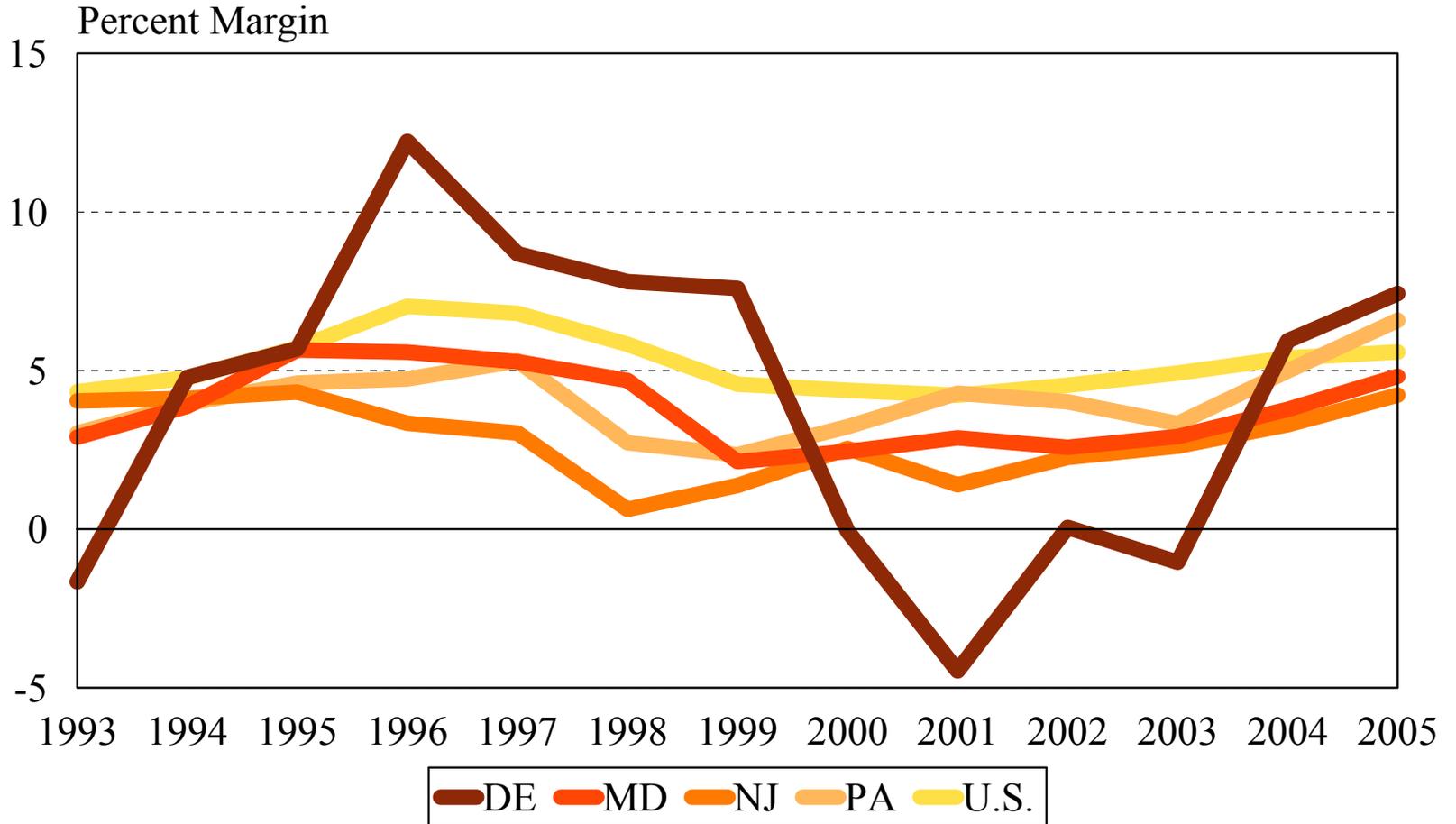
National Private Payer Payment-to-Cost Ratio, 1986-2005



National Uncompensated Care Based on Cost: 1980-2006 (in billions), Registered Community Hospitals



Hospital Margins



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

Observations

- Total Cost is approximately \$5.9 bn in 2006.
- 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.