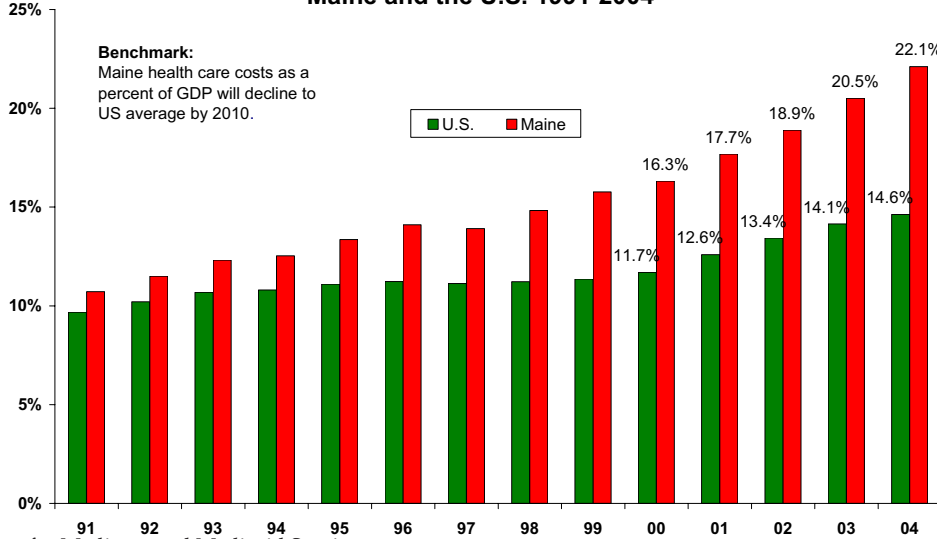


12. Cost of Health Care



Benchmark: Health care costs as a percent of GDP will decline to U.S. average by 2010.

**Total Health Care Costs as a Percent of GDP
Maine and the U.S. 1991-2004**



Data Source: Center for Medicare and Medicaid Services

Rising Cost of Health Care a Concern – Better Data Needed

In 2004, total Health Care expenditures for Maine people amounted to just over 22% of state Gross Domestic Product (GDP). This represents an increase from the previous year and an increase from 1991 when health care costs represented 10.7% of Maine's GDP. In comparison, the U.S. average was 14.6% in 2004, representing a slower increase from the 1991 level of 9.7%.

Looking at per capita expenditures for that same time period, the national average was slightly higher than Maine until 1996. From 1996 until 2004, Maine exceeded the national average and the gap widened each year. By 2004, Maine per capita health care expenditures were \$6,540 compared to \$5,280 nationally.

There are two concerns with this indicator:

First, this indicator is moving away from the benchmark at a steady incline. Rising health care costs are a burden on Maine's people and businesses. Factors driving these costs include expensive new treatments, inefficiencies in health care delivery, an aging rural population, and overall health status. High costs are connected to poor health outcomes. Poor health adversely affects families and communities, interrupts education, and lowers business productivity. Poor health affects every aspect of life.

Second, data sources for this indicator are not consistent and reliable. Although considerable work has been done to measure the cost of health care in Maine and national figures are updated annually, a consistent and reliable state-level source is not available. The Center for Medicare and Medicaid Services (CMS) does not update the state figures on a regular basis and the next update is not expected for several years. Reliable, timely data is of particular concern because health care expenditures in Maine rose at a faster rate than the nation the last time CMS data were updated. We are not able to track this trend annually using CMS data and analyses without our own imputations that introduce estimates where actual state-level data are missing. As Maine's public and private sectors engage in efforts to address health care delivery, access, and health status (in part to moderate costs), successful efforts will require recent, reliable, and consistent data to assess possible interventions and measure outcomes. **The Growth Council views this as an urgent need.**