



The
**COMMONWEALTH
FUND**

Affordable, quality health care. For everyone.

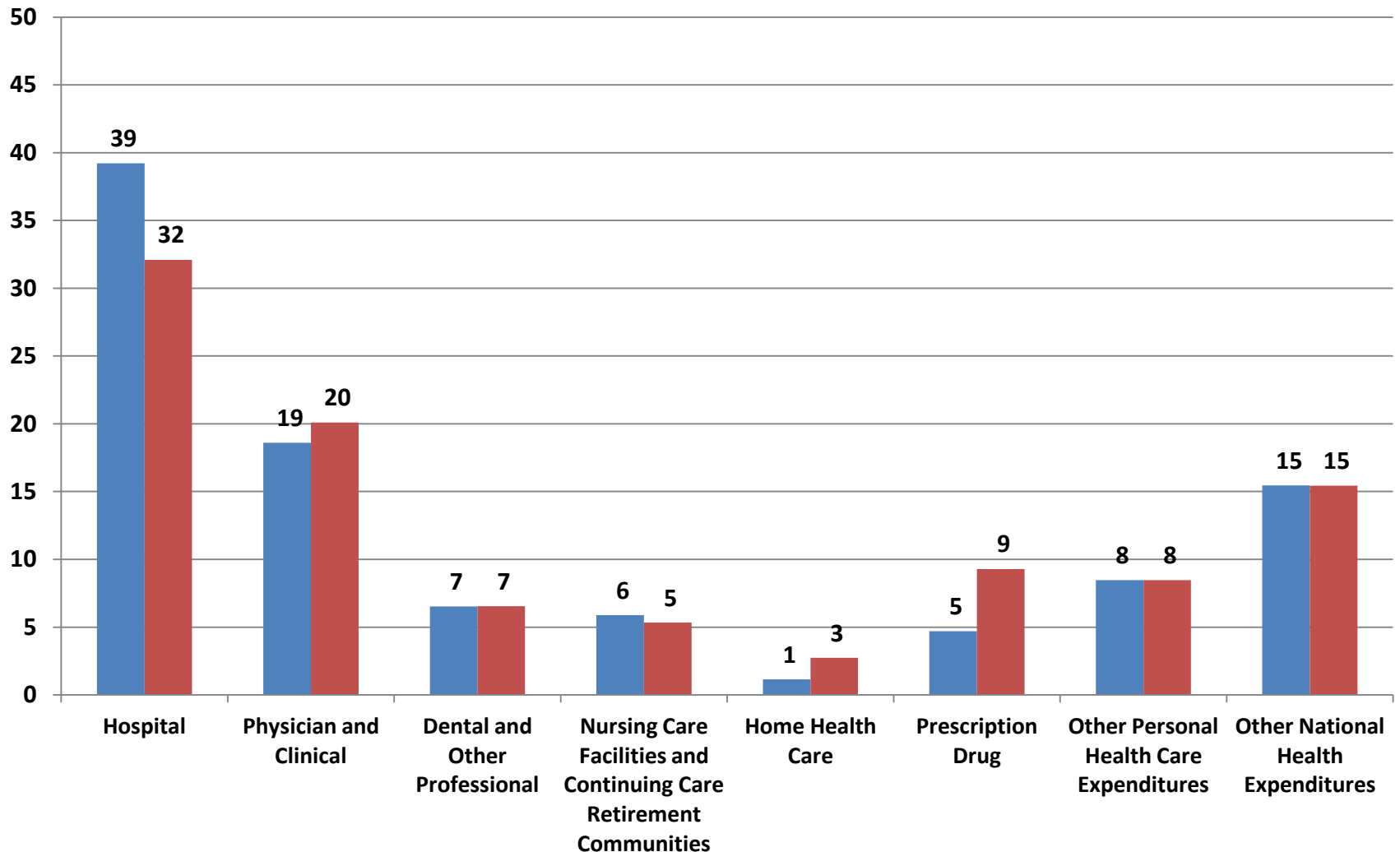
Some Observations on Controlling Hospital and Health Care Spending

**Stuart Guterman
Vice President, Medicare and Cost Control
The Commonwealth Fund**

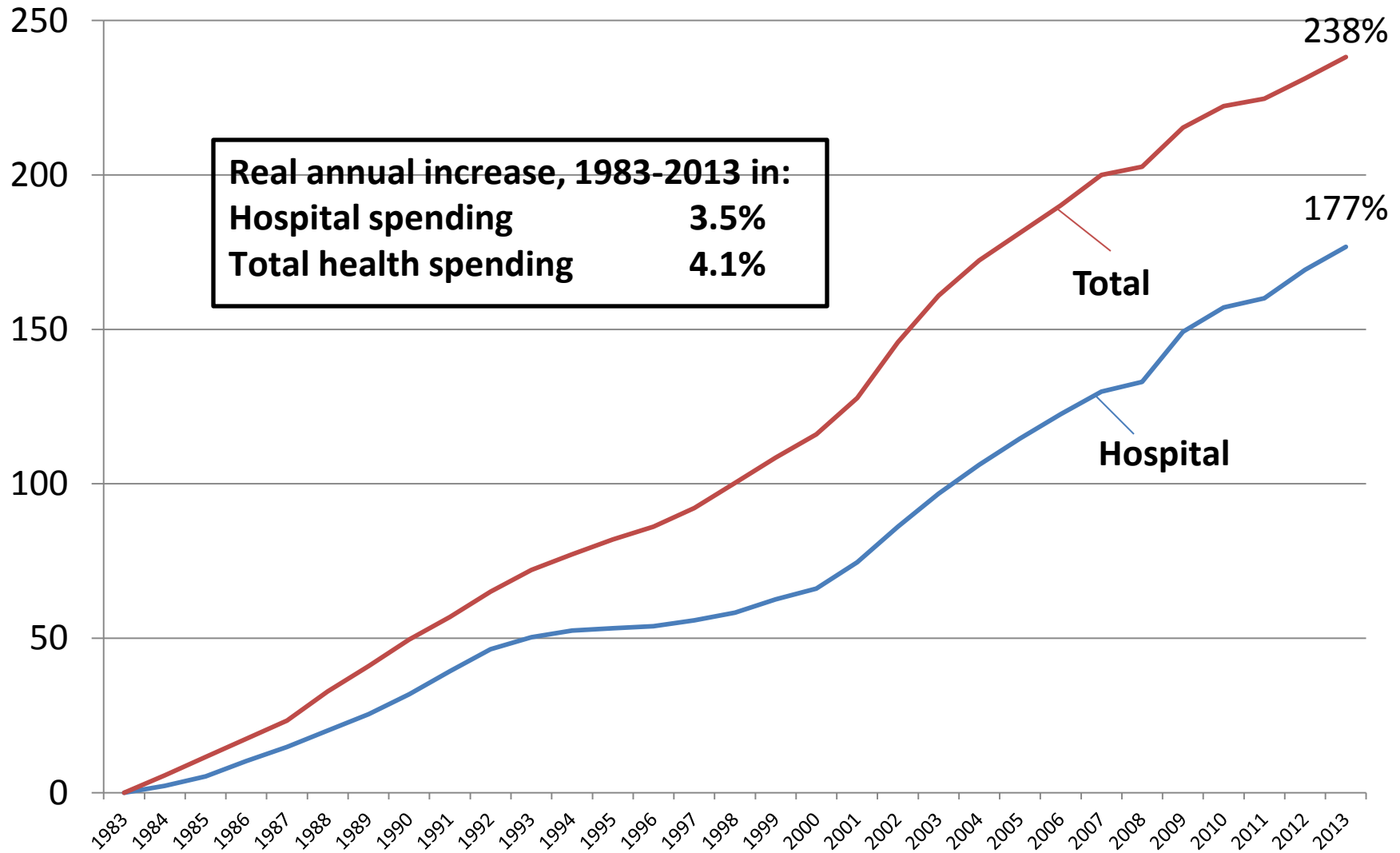
**UMBC Public Policy Forum:
Controlling Hospital and Health Care Spending in the
Era of Budget Caps
Baltimore, MD
December 5, 2014**

Hospitals' Share of National Health Care Spending Has Decreased: Share of National Health Expenditures (NHE) by Type of Service, 1983 and 2013

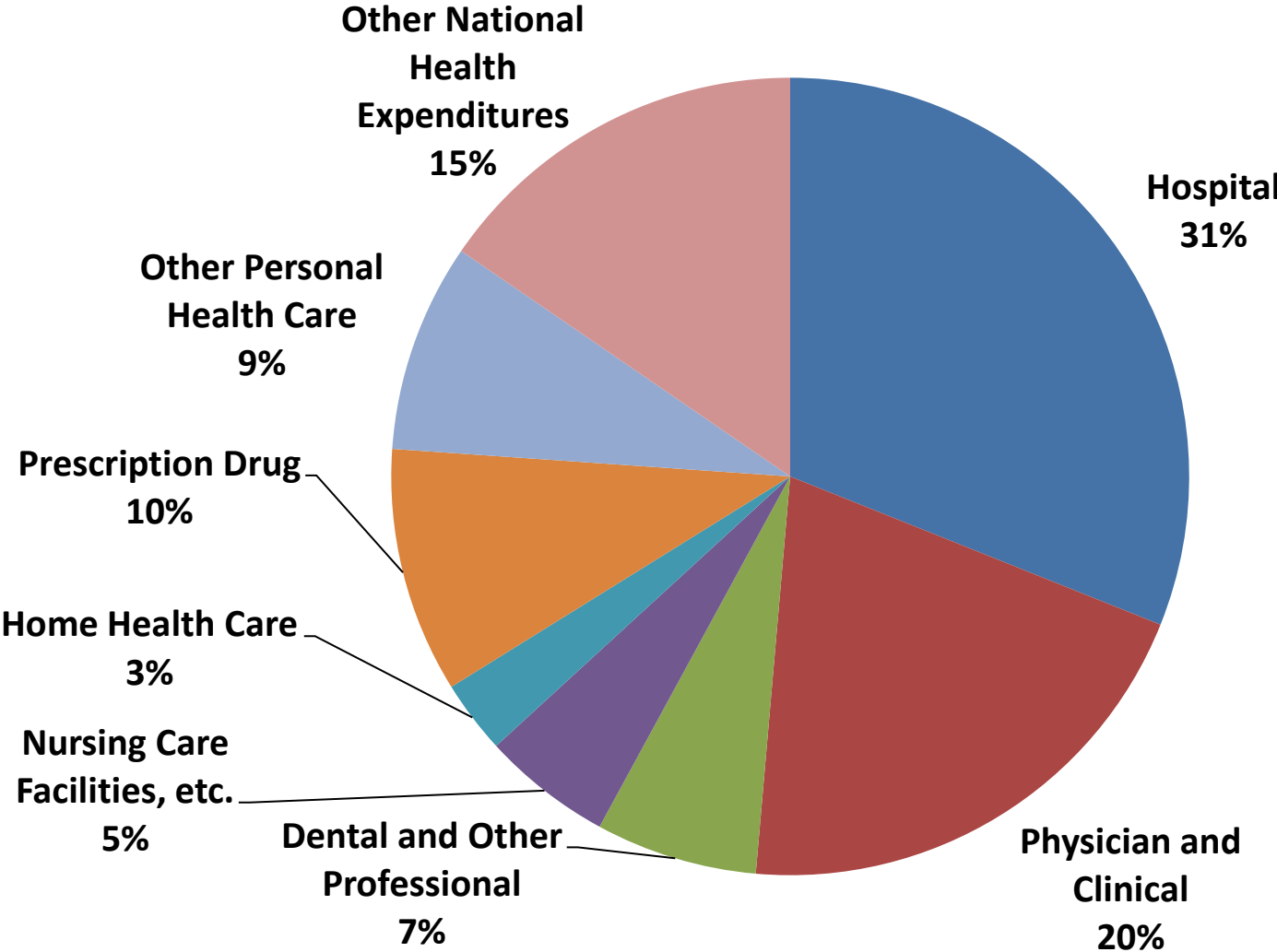
Share of NHE



Nonetheless, Hospital Spending Has Grown Rapidly: Cumulative Change in Real Hospital and Total National Health Expenditures, 1983-2013



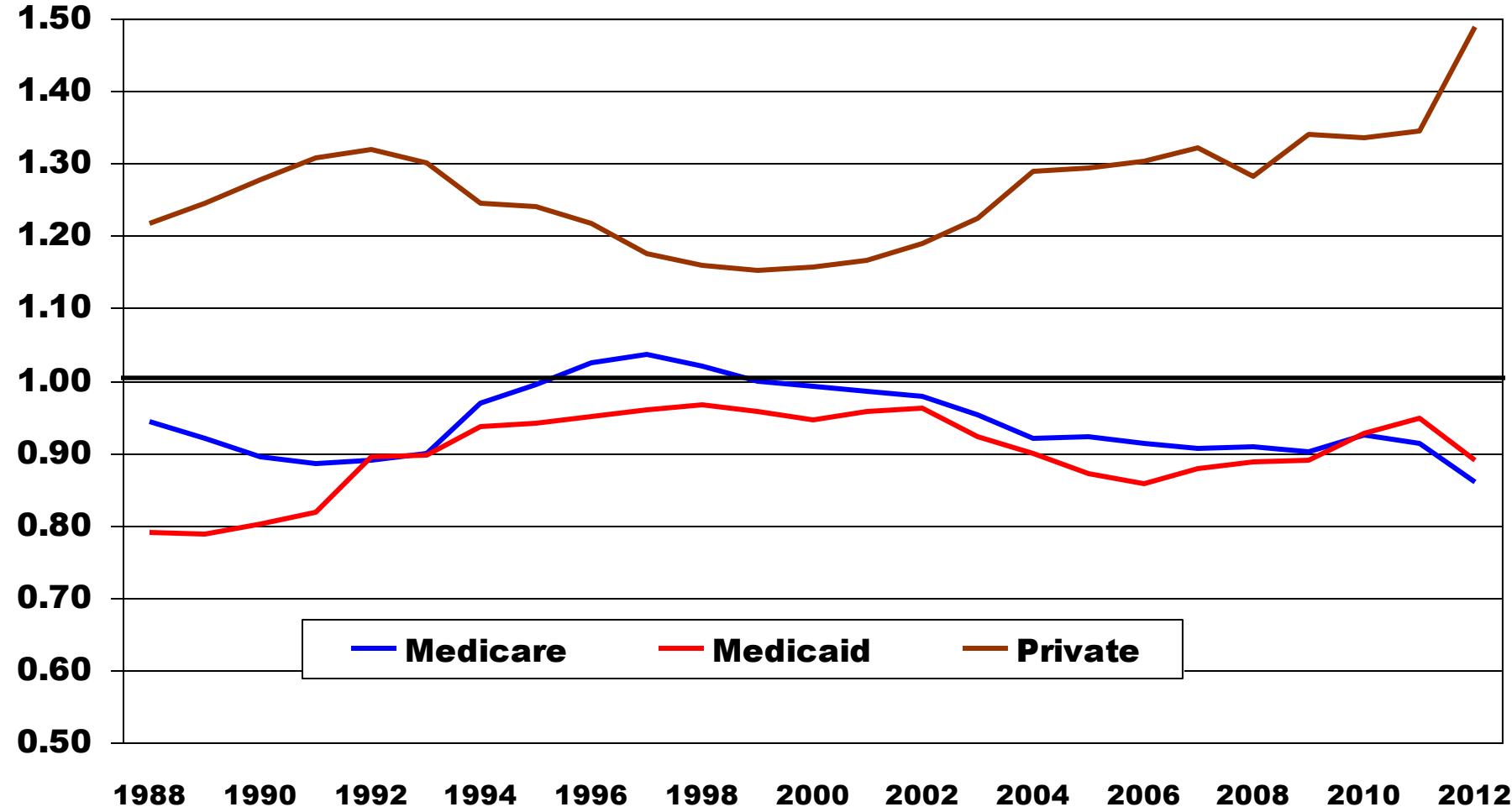
Hospitals Still Account for the Biggest Part of Health Spending Growth: Contribution to NHE Increase by Category, 1983-2012



Source: Centers for Medicare and Medicaid Services, Office of the Actuary.

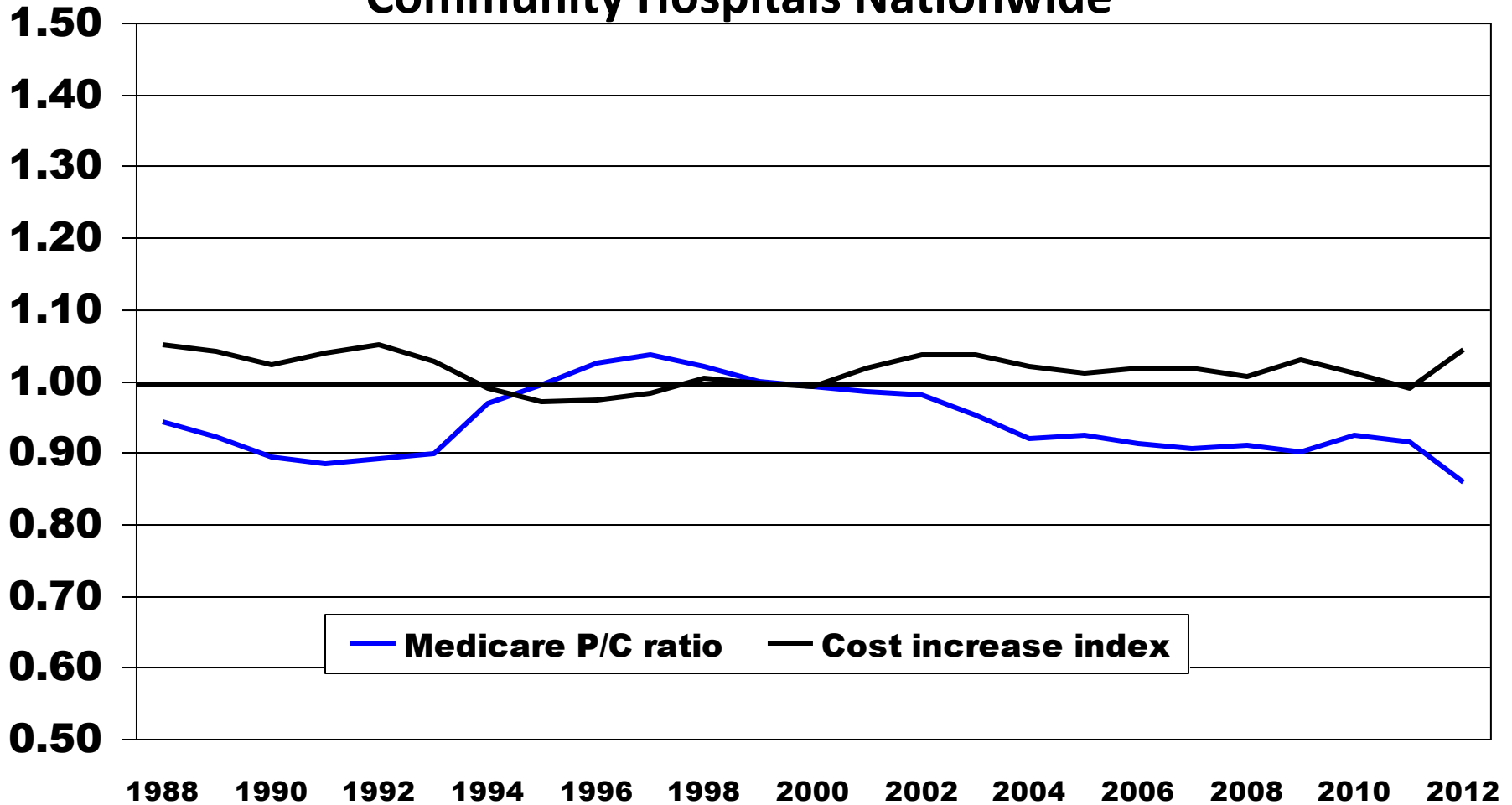
Nationwide, There Is Wide Variation in Hospital Payments by Payer: Payment to Cost Ratios by Payer Category, 1988-2012

Community Hospitals Nationwide



Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.

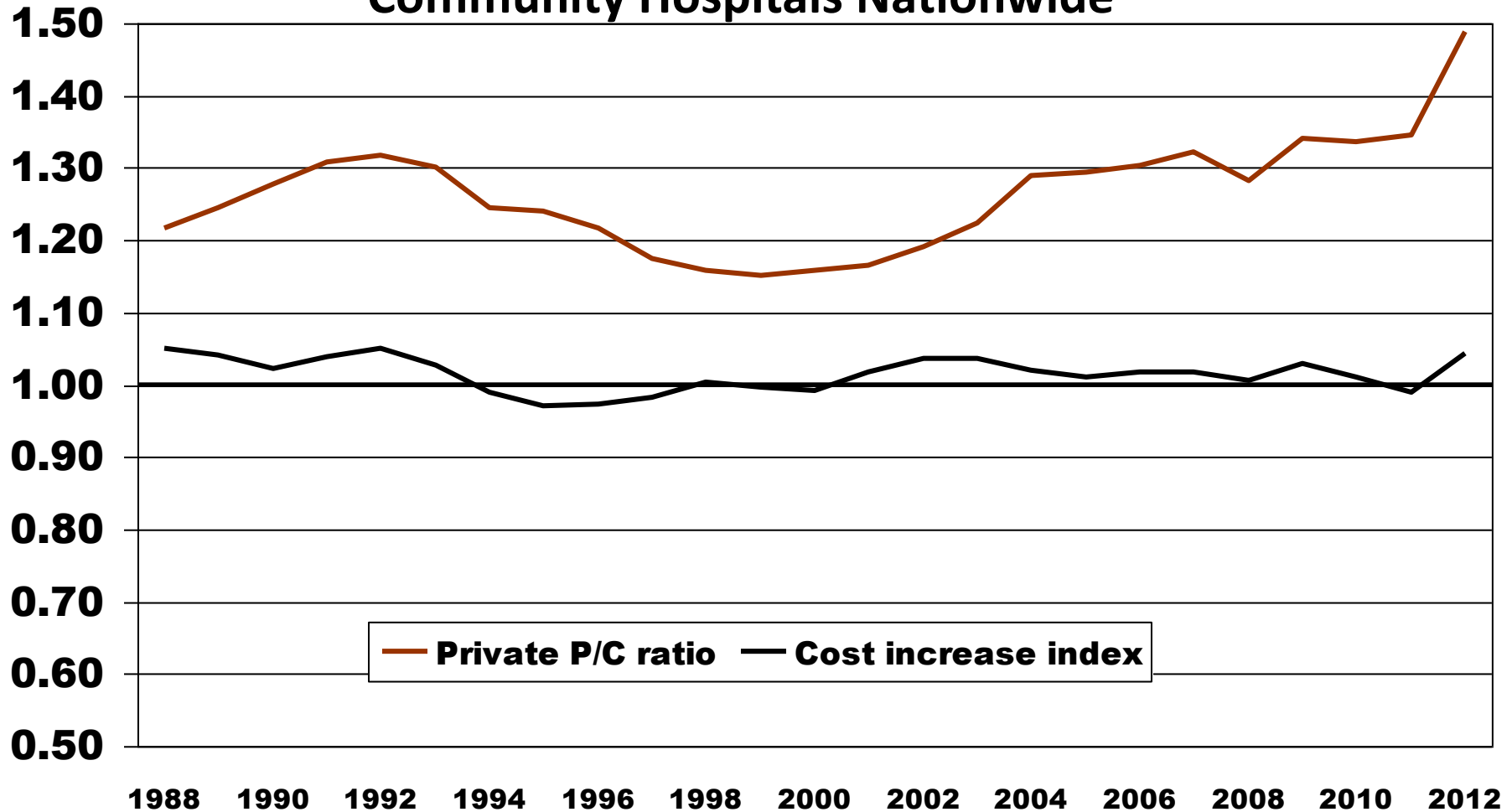
The Relationships Between Payment and Costs Also Vary Widely: Medicare Payment to Cost Ratio and Cost Increase, 1988-2012 Community Hospitals Nationwide



Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.

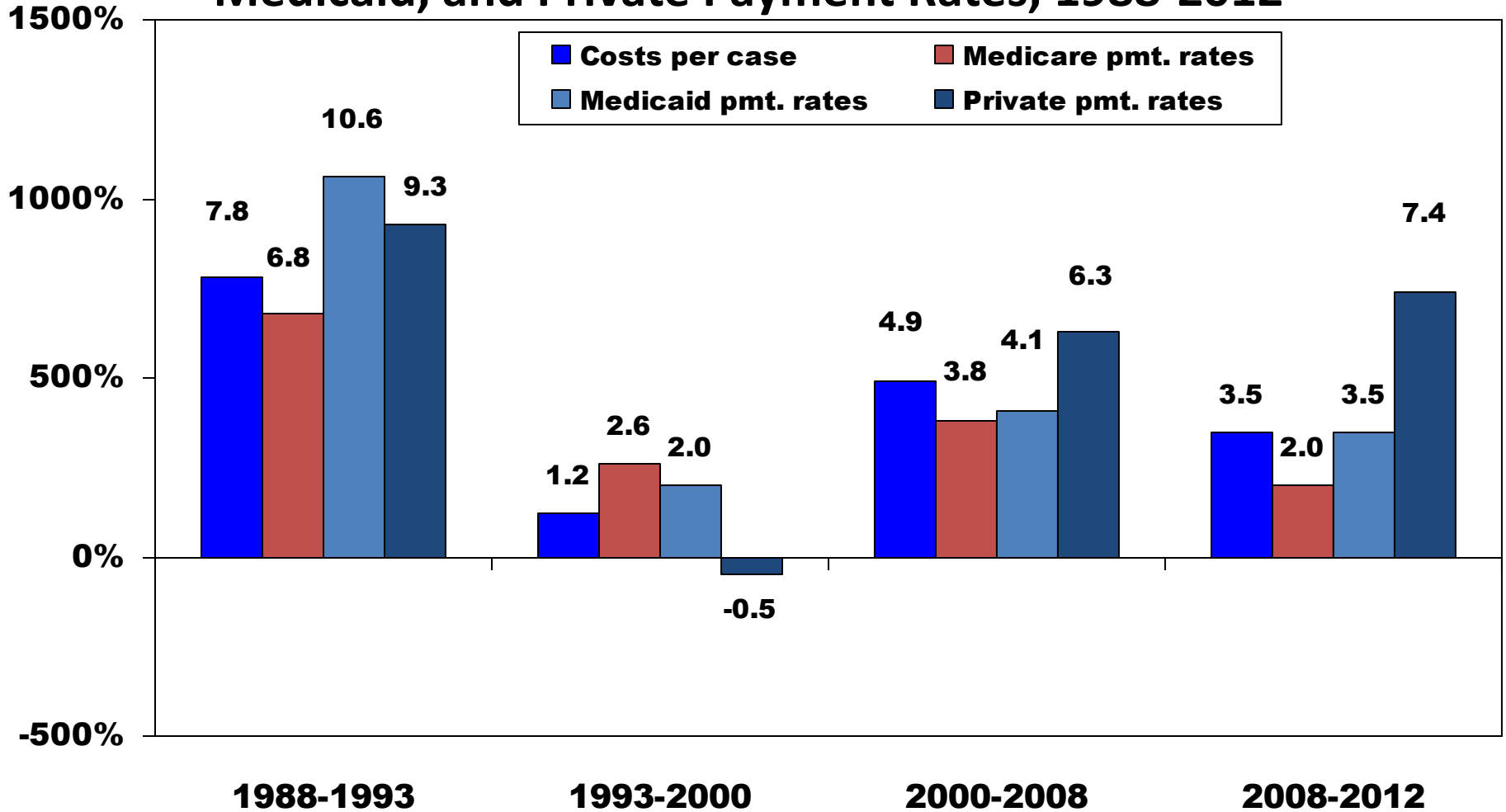
The Relationships Between Payment and Costs Also Vary Widely: Private Payment to Cost Ratio and Cost Increase, 1988-2012

Community Hospitals Nationwide



Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.

The Flows of Payments and Costs Vary Widely Over Time: Annual Rates of Increase in Hospital Costs per Case and Medicare, Medicaid, and Private Payment Rates, 1988-2012



Source: Commonwealth Fund analysis of data from American Hospital Association Trendwatch Chartbook 2014.