

MINNESOTA COUNCIL of HEALTH PLANS

Minnesota Experience

Health Care Costs

Minnesotans and the state's eight nonprofit health plans spent \$10.7 billion on health care in 2005. \$10.7 billion is equal to:

- 20.5 new professional baseball parks, or
- Combined median household income for 196,401 Minnesotans in 2003, or
- A home for 60,724 people, based on the average Minneapolis home price in 2003.

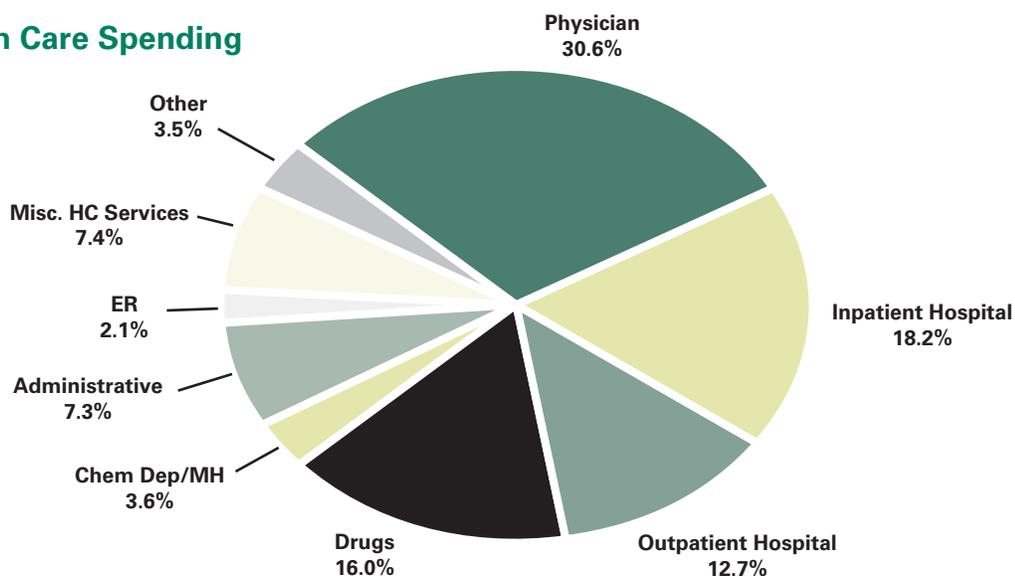
As these costs continue to increase each year, the questions are, "Why? Where does the money go and is there anything individuals can do to help keep health care affordable?" The Minnesota-specific details outlined here provide more information.

Spending

Per person medical care costs increased 21 percent between 2003 and 2005, topping out at \$3,204 a year on average per person in the private insurance market. State health care program costs averaged \$3,336 per person in 2005, a 15 percent increase over the 2003. In 2005, physician services accounted for 31 percent of the health care spending in the private market, followed by inpatient hospital spending at 18 percent. Prescription drugs and pharmacy supplies represented 16 percent of spending and outpatient procedures and tests reached 13 percent [see Graph 1].

Graph 1

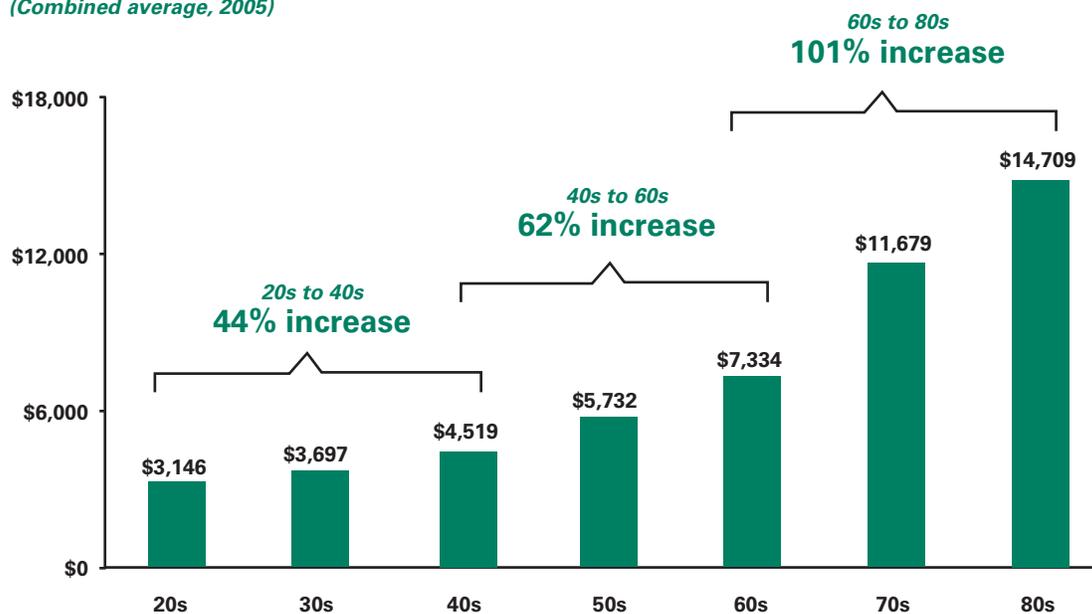
Health Care Spending



Aging

As people age, their health care costs more. Minnesotans in their 20s cost on average \$3,146 per year for care. On average costs for persons in their 70s and 80s is four to five times higher, \$11,679 to \$14,709 a year [see Graph 2]. Today, about one in every six Minnesotans is over 60. In the next 25 years, that number will increase to more than one in four. You can't stop the calendar from turning, but individuals can take steps now to reduce their need for health care services in the future. Minnesota health plans offer many programs and services that can help keep you healthy now and in the years to come.

Graph 2
Health Care Costs As You Age
(Combined average, 2005)



Diagnostic Imaging

Description	2004	2005	% Increase
Number of CT scans of the chest, head, pelvis and abdomen, per 1,000 people	49.86	55.58	12%
Number of MRI scans of the brain, neck, lower back and joints, per 1,000 people	21.40	22.64	6%
Total dollars spent on these procedures	\$167,568,563.00	\$188,858,295.00	13%

The number of MRIs of the brain, neck, lower back and joints increased 6 percent, while CTs scans of the chest, head, pelvis and abdomen jumped 12 percent between 2004 and 2005. In addition to increased use, the cost of the scans is also increasing. In 2005, spending on these select MRI and CT scans reached more than \$189 million, a jump of 13 percent in one year.

Prescription Drugs

Prescription drugs and non durable medical supplies cost Minnesotans and their health plans \$1.9 billion in 2005 for 23.4 million prescriptions, a 12 percent increase between 2003 and 2005. The average cost per prescription jumped 12 percent for Minnesotans enrolled in private insurance coverage, and 10 percent for Minnesotans in state health care programs between 2003 and 2005. [see Graph 3].

Generic drug increase

In 2005, 54 percent of prescription drugs filled by people with private insurance coverage were for generics. More than 65 percent of the prescriptions filled by people in public health care programs were for generics.

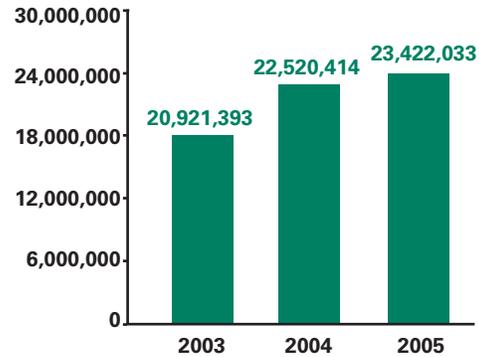
The use of generic drugs will continue to be important to control spending, especially as the more expensive specialty drugs are developed. These remarkable drugs treat multiple sclerosis, rheumatoid arthritis, cancer, hepatitis C and other diseases, with an average cost of \$1,291 per prescription. In 2005, more than 100,000 prescriptions were filled for these drugs, and that number will continue to grow. In 2005, the average cost of a brand name drug was \$133, while generics cost \$21 on average [see Graph 4].

Emergency Room Services

The number of emergency room visits among consumers in fully insured commercial health plans increased just 2 percent, while overall costs increased 29 percent, between 2003 and 2005.

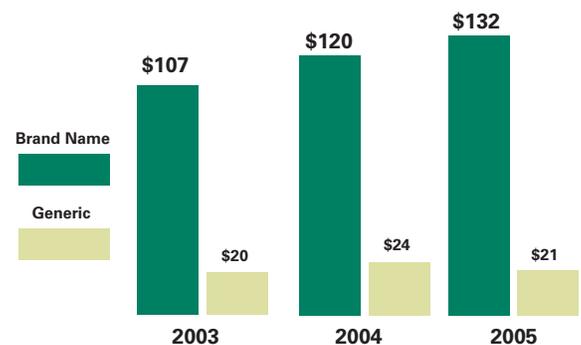
Visits by low income Minnesotans enrolled in state health care programs increased 21 percent between 2003 and 2005, while costs increased 27 percent over the same period [see Graph 5].

Graph 3
Prescriptions Filled Annually



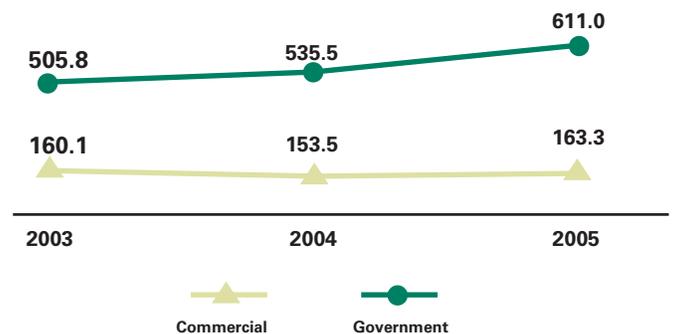
Source: Minnesota Council of Health Plans, August 2006

Graph 4
Avg. Cost: Brand Name v. Generic Drugs



Source: Minnesota Council of Health Plans, August 2006

Graph 5
ER Visits/1,000 Members



Source: Minnesota Council of Health Plans, August 2006

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The Minnesota Council of Health Plans is a trade association of the eight nonprofit health plans in Minnesota, including Blue Cross and Blue Shield/Blue Plus of Minnesota, First Plan of Minnesota, HealthPartners, Medica, Metropolitan Health Plan, PreferredOne, Sioux Valley Health Plan of Minnesota and UCare Minnesota. Our members provided health care coverage to more than 3 million Minnesotans in 2005. Information in this report is based on a survey of our members and reports filed with the Minnesota Department of Health.

Minnesota Council of Health Plans
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