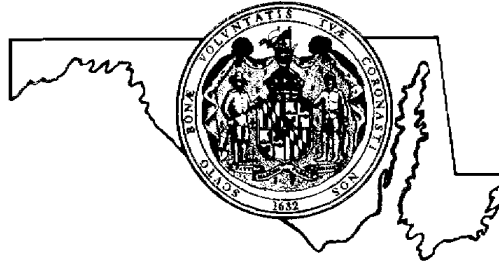


STATE OF MARYLAND



**MARYLAND HEALTH CARE COMMISSION**  
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**HEALTH CARE SPENDING INCREASED TO \$30.2 BILLION IN 2005**

BALTIMORE, MD (February 15, 2007) – *State Health Care Expenditures: Experience from 2005*, an annual report that contains information on health care expenditures for Maryland residents by public and private sources during calendar year 2005, was released today by Maryland Health Care Commission (MHCC) chairman Stephen J. Salamon. Mandated by health care reform legislation passed in 1993, this report continues the MHCC's effort to measure health care spending in Maryland. The report found that growth in health care spending slowed for the third consecutive year. Health care costs remain high, and cost growth still exceeds the growth in wages and personal income — even as worker productivity has increased.

Major findings include:

- Maryland health care spending grew to \$30.2 billion, up by about \$2.1 billion, or seven percent from 2004. Since 2001, total health care spending increased at an average annual rate of eight percent, mirroring the national trend in spending.
- Among the major categories of health care spending (hospital care, physician services, and prescription drugs), hospital outpatient care (13 percent), prescription drugs (eight percent), and hospital inpatient care (seven percent) increased at or faster than total spending from 2004 to 2005. Physician services increased at four percent, about three percentage points slower than total spending. Of the smaller sectors, home health care increased by eight percent followed by other professional services (six percent). Nursing home spending increased at about four percent.
- Hospital inpatient and outpatient spending totaled \$10.3 billion in 2005, accounting for 41 percent of the \$2.1 billion in new spending.
- Medicare (21 percent) and Medicaid (18 percent) accounted for 39 percent of total health care spending in 2005, compared to 40 percent paid by private insurance arrangements – including commercial insurance, health maintenance organizations (HMOs) and self-insured employer health plans.
- Consumer spending out-of-pocket (including coinsurance, co-payments, deductibles, and full direct payments), increased six percent from 2004 to 2005, slightly less than the eight percent rate of growth in private insurance spending.
- Payer administrative expenses and the net cost of insurance increased significantly in 2005. After one year of slowing, this category of spending resumed the upward trend observed in the 2001-2003 period.

For questions regarding the report, please contact Mr. Ben Steffen, Center for Information Services and Analysis at 410-764-3570 or [bsteffen@mhcc.state.md.us](mailto:bsteffen@mhcc.state.md.us).

**The complete report is available on the MHCC Web site at [www.mhcc.maryland.gov](http://www.mhcc.maryland.gov)  
Please call 410-764-3570 for a hard copy.**