

# Health care prices in BEA's official statistics

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# Health care in personal consumption expenditures (PCE)

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- Goods

- Durable goods
  - Therapeutic appliances and equipment
- Nondurable goods
  - Prescription drugs, non-prescription drugs, other medical products

- Services

- Physicians services
- Dental services
- Paramedical services
- Hospital and nursing home services

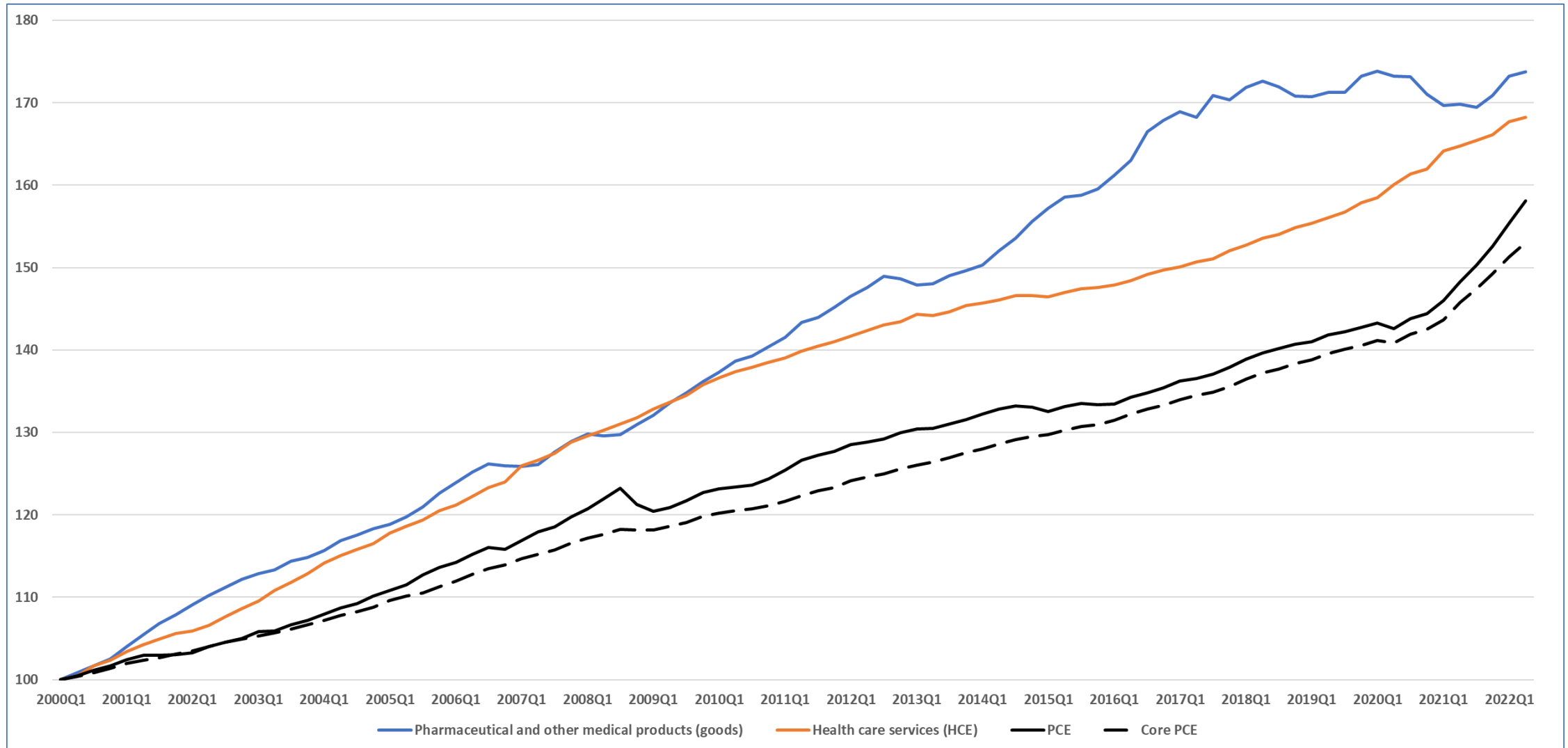
- Net health insurance

- Current dollars – measured by industry and commodity sales
  - Census Bureau surveys of retail sales, 5-year economic census
  - Prescription drugs: value of sales to consumers (households and insurers) from IQVIA /IMS health
- Prices - measured for commodities
  - CPI for prescription drugs
  - CPI for non-prescription drugs
  - CPI for medical equipment and supplies
  - CPI for eyeglasses and eye care

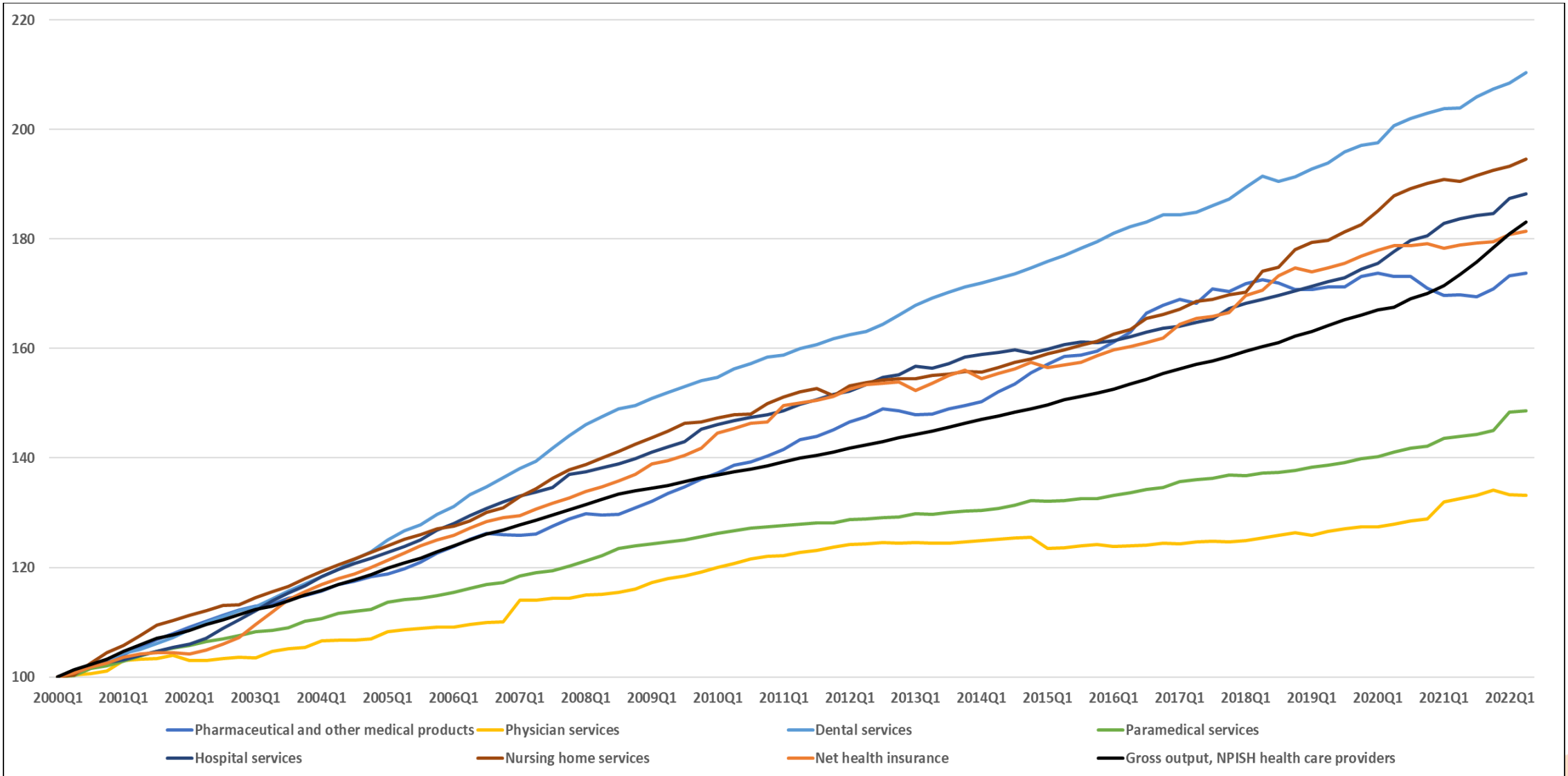
- Includes purchased services and services provided without charge by non-profits (NPISH)
  - Household consumption expenditures (HCE) are purchased by households or insurers
  - PCE for health care services from NPISH is measured by their gross output (expenses)
- Current dollars – sales and expenses by provider /industry
  - Census Bureau services of surveys
  - Census Bureau government finances surveys (for government hospitals and nursing homes)
- Prices, household consumption expenditures (HCE), measured by provider /industry
  - PPIs for offices of physicians, hospitals, nursing care facilities, home health care, medical labs, diagnostic imaging centers
  - CPIs for dental services, services by other medical professionals
- Prices, PCE for services from NPISH
  - BEA input cost indexes for gross output, health care services

- Measured as premiums less benefits
  - Premiums and benefits based on MEPS, A.M Best / NAIC , economic census
  - Includes medical care and hospitalization, income loss, workers' compensation
- Prices
  - Medical care and hospitalization: PPI for direct health and medical insurance carriers
  - Workers' comp: PPI for workers' compensation insurance.
  - Income loss: CPI for all items

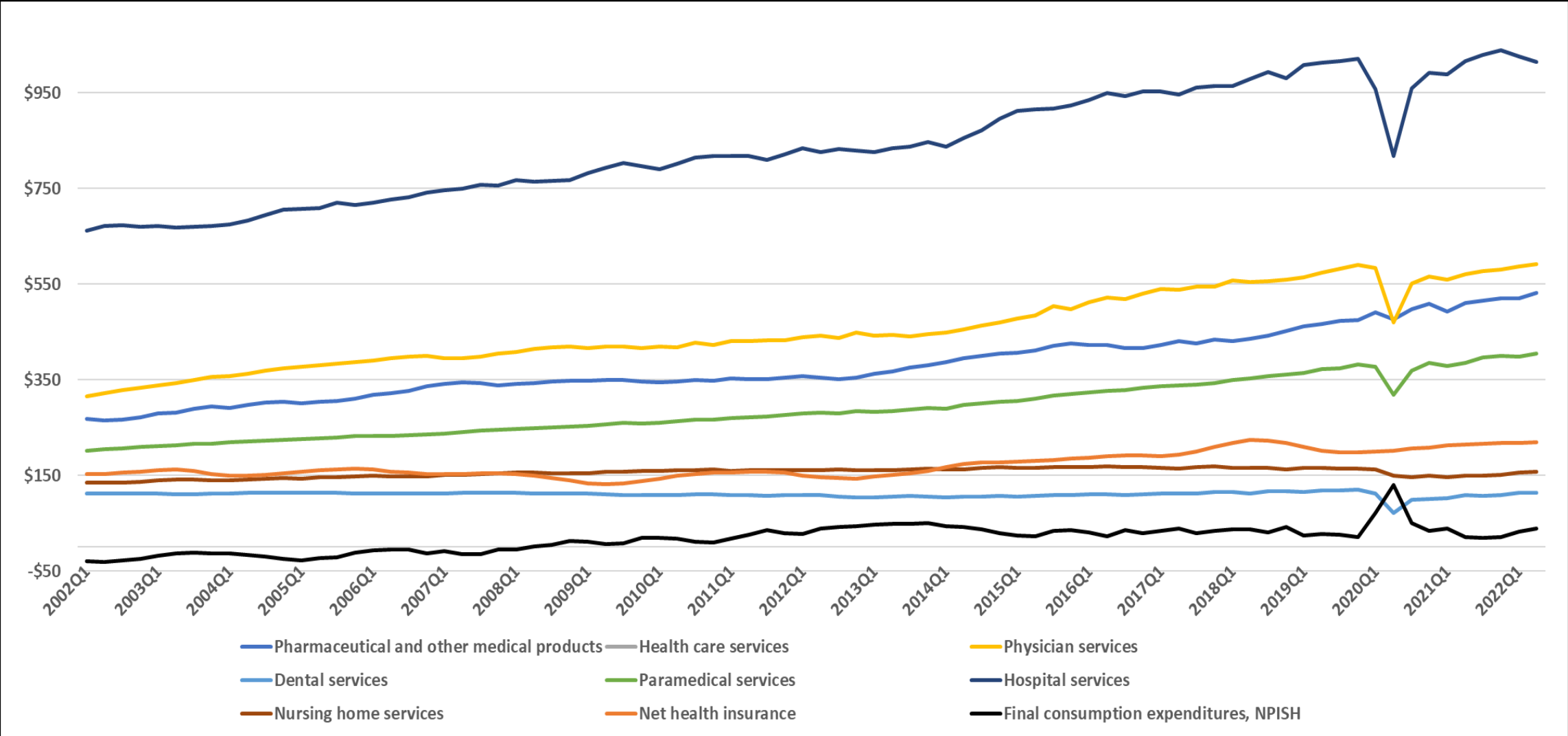
# Health care prices: long term trends (2000 Q1=100)



# Health care prices: long term trends by type (2000 Q1=100)

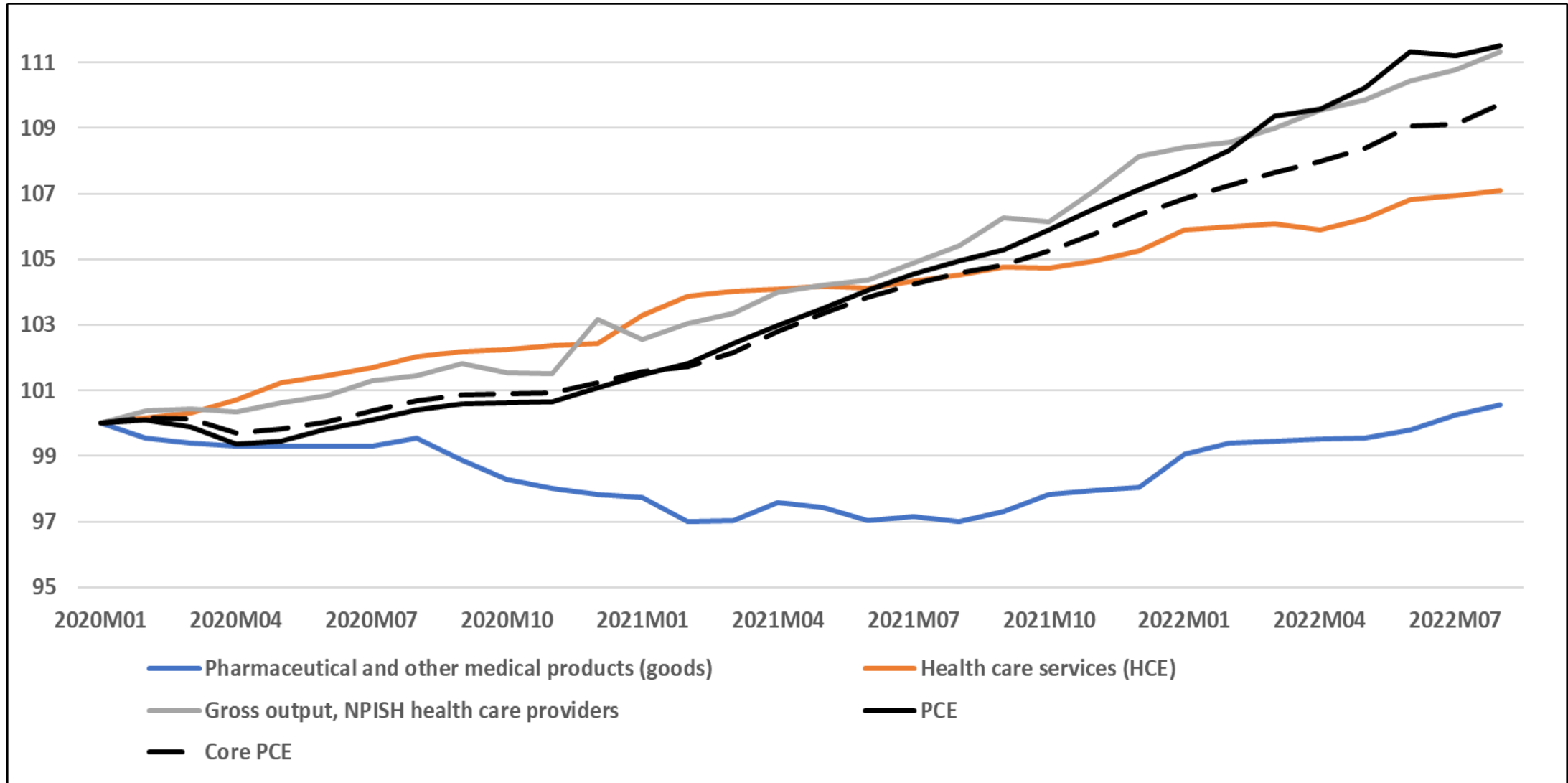


# Health care expenditures in PCE, billions of 2012 dollars





# Health care prices since January 2020 (January 2020 = 100)



- Prices: PCE vs CPI
  - NIPA Table 9.1U. Reconciliation of Percent Change in the CPI with Percent Change in the PCE Price Index
    - Reconciliation by major components, including some health care items
- PCE vs National Health Expenditure Accounts (NHEA, from CMS)
  - For prices, PCE and NHEA generally use the same PPIs and CPIs
  - Current dollar estimates of total health-related spending are similar
    - Estimates for specific categories can differ
    - See the recent [reconciliation](#) of the two estimates of health care spending for more information
  - PCE has higher estimate of current dollar prescription drug spending than NHEA
    - The discrepancy has been growing and exceeds \$100 billion in recent years
    - The main reason is that NHEA removes rebates from drug manufacturers to insurers and PCE does not
      - Rebates are difficult to estimate
      - BEA is currently researching the issue and will present results in the future

# Health care provisions of the Inflation Reduction Act in BEA's source data

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- Key health care provisions in the IRA
  - Allows negotiation some prescription drug prices purchased through Medicare
  - Extends pandemic-related reductions in health care premiums (through subsidies)
  - Eliminates cost sharing for adult vaccines covered under Medicare Part D and improves access to adult vaccines in Medicaid and CHIP
  - \$2,000 cap on out-of-pocket drug costs under Medicare Part D
  - Limit monthly cost sharing for insulin to \$35 for people with Medicare
- The effects will appear in BEA's source data but probably not separately identified
  - Subsidies for health care premiums are in the form of a refundable tax credit
    - In the NIPAs, refundable tax credits are classified as social benefits