

EXHIBIT 2

National Health Expenditures (NHE) Amounts And Annual Growth, By Spending Category, Calendar Years 2007-13

| Spending category | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| EXPENDITURE AMOUNT | | | | | | | |
| NHE, billions | \$2,303.9 | \$2,414.1 | \$2,505.8 | \$2,604.1 | \$2,705.3 | \$2,817.3 | \$2,919.1 |
| Health consumption expenditures | 2,158.8 | 2,258.9 | 2,359.5 | 2,454.5 | 2,548.0 | 2,653.6 | 2,754.5 |
| Personal health care | 1,921.0 | 2,017.3 | 2,117.9 | 2,196.2 | 2,281.8 | 2,379.3 | 2,468.6 |
| Hospital care | 692.5 | 728.9 | 776.8 | 814.9 | 849.9 | 898.5 | 936.9 |
| Professional services | 618.6 | 652.8 | 672.4 | 694.2 | 721.5 | 752.0 | 777.9 |
| Physician and clinical services | 461.8 | 486.5 | 503.2 | 519.0 | 540.8 | 565.3 | 586.7 |
| Other professional services | 59.5 | 64.0 | 66.8 | 69.8 | 73.1 | 76.8 | 80.2 |
| Dental services | 97.3 | 102.4 | 102.5 | 105.4 | 107.6 | 110.0 | 111.0 |
| Other health, residential, and personal care | 107.7 | 113.5 | 122.5 | 128.5 | 132.5 | 140.1 | 148.2 |
| Home health care | 57.8 | 62.3 | 67.2 | 71.2 | 73.8 | 77.1 | 79.8 |
| Nursing care facilities and continuing care retirement communities | 126.4 | 132.6 | 138.5 | 143.0 | 149.2 | 152.2 | 155.8 |
| Retail outlet sales of medical products | 318.1 | 327.1 | 340.3 | 344.4 | 354.8 | 359.4 | 370.0 |
| Prescription drugs | 236.0 | 242.7 | 255.0 | 256.2 | 263.0 | 264.4 | 271.1 |
| Durable medical equipment | 34.3 | 34.9 | 35.0 | 37.0 | 39.1 | 41.3 | 43.0 |
| Other nondurable medical products | 47.8 | 49.5 | 50.3 | 51.2 | 52.8 | 53.7 | 55.9 |
| Government administration | 29.3 | 29.4 | 29.8 | 30.5 | 32.8 | 34.2 | 37.0 |
| Net cost of health insurance | 142.6 | 140.7 | 137.8 | 152.3 | 160.0 | 165.3 | 173.6 |
| Government public health activities | 65.9 | 71.5 | 74.0 | 75.5 | 73.5 | 74.8 | 75.4 |
| Investment | 145.1 | 155.3 | 146.3 | 149.7 | 157.3 | 163.7 | 164.6 |
| Noncommercial research | 42.5 | 44.0 | 45.2 | 48.7 | 49.3 | 48.0 | 46.7 |
| Structures and equipment | 102.7 | 111.2 | 101.1 | 101.0 | 108.0 | 115.7 | 117.9 |
| ANNUAL GROWTH | | | | | | | |
| NHE | 6.3% | 4.8% | 3.8% | 3.9% | 3.9% | 4.1% | 3.6% |
| Health consumption expenditures | 6.1 | 4.6 | 4.5 | 4.0 | 3.8 | 4.1 | 3.8 |
| Personal health care | 6.2 | 5.0 | 5.0 | 3.7 | 3.9 | 4.3 | 3.8 |
| Hospital care | 6.2 | 5.3 | 6.6 | 4.9 | 4.3 | 5.7 | 4.3 |
| Professional services | 5.7 | 5.5 | 3.0 | 3.2 | 3.9 | 4.2 | 3.4 |
| Physician and clinical services | 5.2 | 5.3 | 3.4 | 3.1 | 4.2 | 4.5 | 3.8 |
| Other professional services | 8.2 | 7.6 | 4.4 | 4.6 | 4.7 | 5.0 | 4.5 |
| Dental services | 6.4 | 5.2 | 0.1 | 2.8 | 2.1 | 2.2 | 0.9 |
| Other health, residential, and personal care | 5.9 | 5.5 | 7.9 | 4.9 | 3.1 | 5.8 | 5.8 |
| Home health care | 9.9 | 7.8 | 8.0 | 5.8 | 3.7 | 4.5 | 3.4 |
| Nursing care facilities and continuing care retirement communities | 7.7 | 4.9 | 4.5 | 3.2 | 4.3 | 2.0 | 2.4 |
| Retail outlet sales of medical products | 5.9 | 2.8 | 4.0 | 1.2 | 3.0 | 1.3 | 2.9 |
| Prescription drugs | 5.2 | 2.8 | 5.0 | 0.5 | 2.6 | 0.5 | 2.5 |
| Durable medical equipment | 6.2 | 1.6 | 0.4 | 5.6 | 5.6 | 5.6 | 4.2 |
| Other nondurable medical products | 9.2 | 3.6 | 1.7 | 1.8 | 3.0 | 1.8 | 4.0 |
| Government administration | 1.8 | 0.5 | 1.2 | 2.4 | 7.3 | 4.3 | 8.2 |
| Net cost of health insurance | 4.3 | -1.4 | -2.0 | 10.5 | 5.0 | 3.4 | 5.0 |
| Government public health activities | 8.3 | 8.5 | 3.5 | 1.9 | -2.7 | 1.8 | 0.8 |
| Investment | 10.3 | 7.0 | -5.8 | 2.3 | 5.1 | 4.0 | 0.5 |
| Noncommercial research | 2.4 | 3.7 | 2.5 | 7.9 | 1.2 | -2.7 | -2.6 |
| Structures and equipment | 14.0 | 8.3 | -9.1 | -0.2 | 7.0 | 7.1 | 1.9 |

SOURCE Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. **NOTES** Definitions, sources, and methods for NHE categories can be found in the National Health Accounts methodology paper (see Note 20 in text). Numbers may not add to totals because of rounding. Percentage changes are calculated from unrounded data. *Annual growth, 2006-07.

Factors Accounting For Growth

National health spending growth can be disaggregated into economywide price inflation, medical-specific price inflation, and three non-price factors: changes in population, shifts in the age and sex mix of the population, and a residual

that primarily reflects the use and intensity of services.⁵ On a per capita basis, national health spending growth slowed from 3.4 percent in 2012 to 2.9 percent in 2013 (Exhibits 1 and 4). Medical prices and residual use and intensity were almost equally responsible for the deceler-