



National Health Expenditures – 2018 Data Release

PhARMA
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2018 NHE Data Show Medicine Prices Declined While Hospitals Drive Up Health Care Spending

Total retail prescription drug spending grew by 2.5% to \$335 billion in 2018.

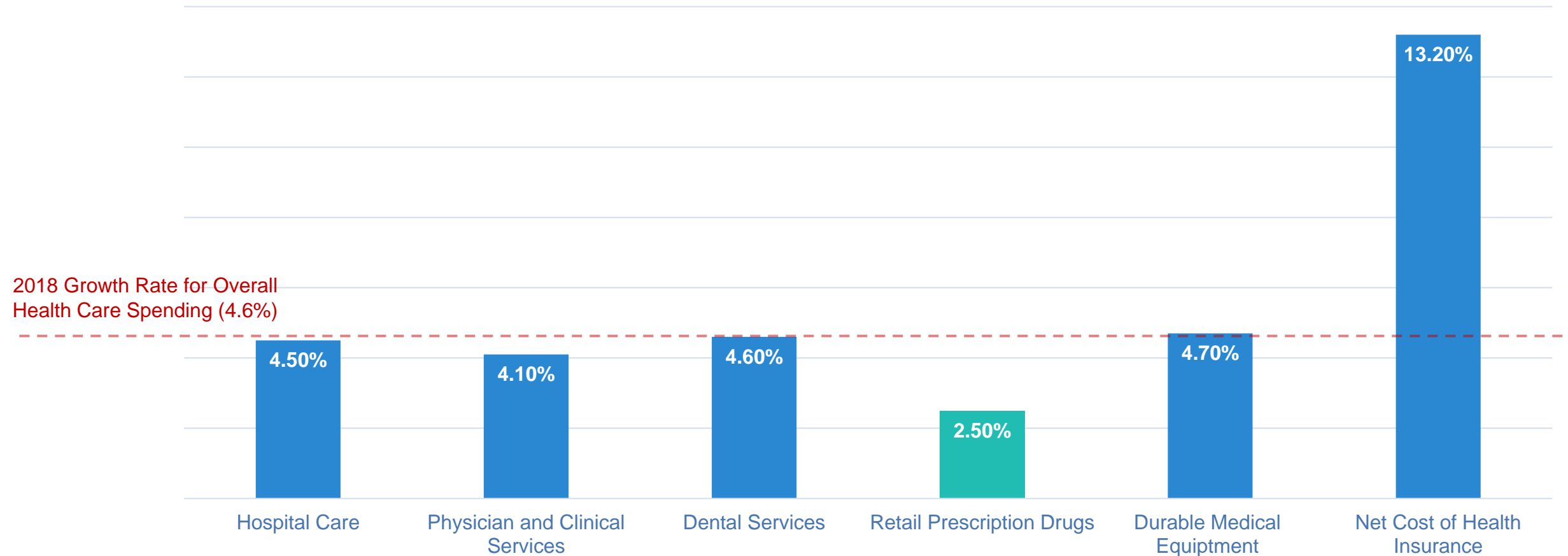
Hospital spending grew 4.5% in 2018, driven by a 2.4% increase in prices, and continues to account for one third of total health care spending.

Physician and clinical services spending increased 4.1% in 2018 and accounted for 20% of total health care spending.

Health care spending by private businesses increased 6.2% in 2018 (an increase from 4.8% in 2017).

Increase In Total Health Care Spending Primarily Driven By Growth In Health Insurance Administrative Costs

% Change in Spending 2018-2019

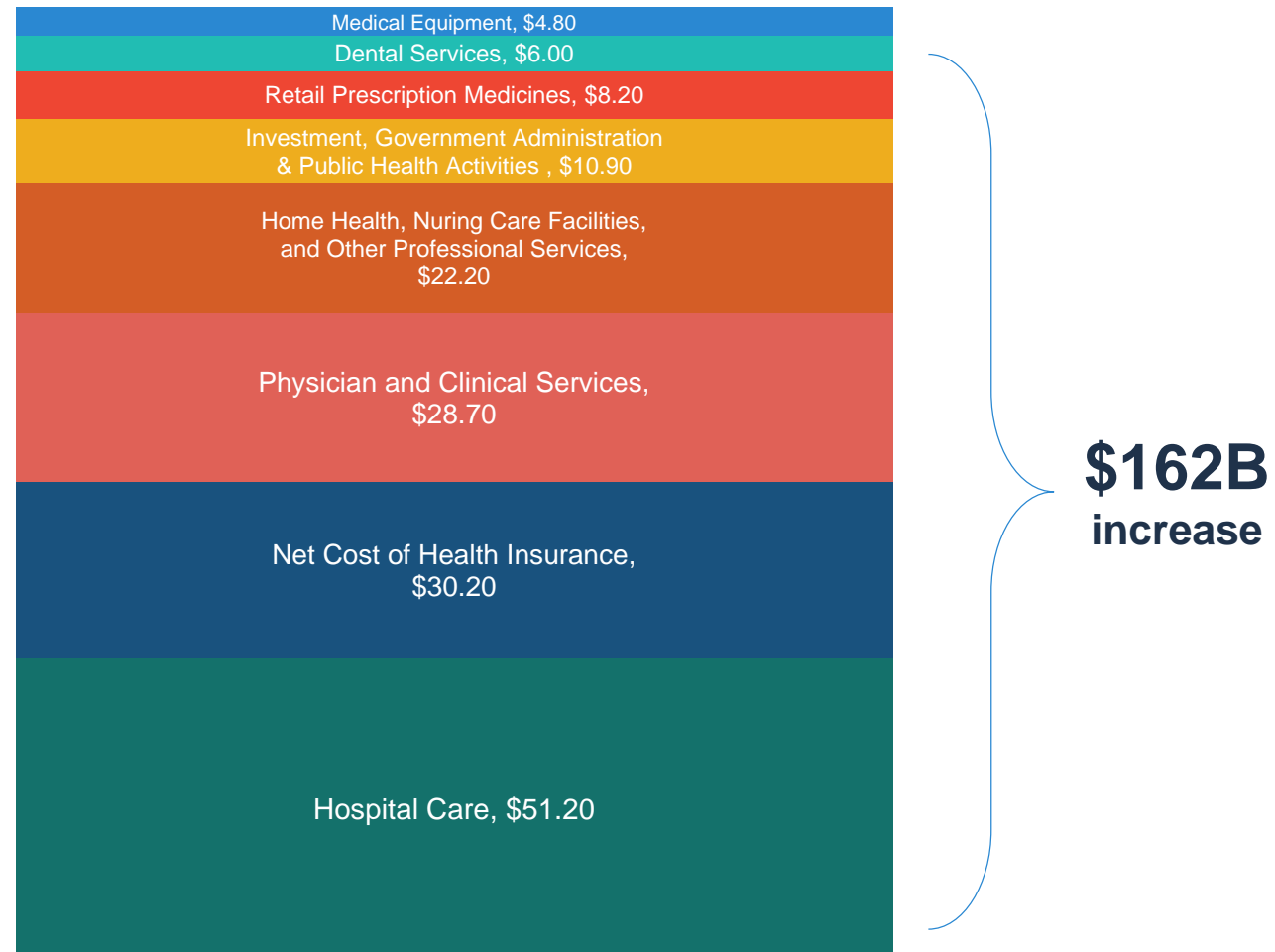


In 7 of the Last 10 Years, Retail Drug Spending Grew More Slowly Than Total Health Spending



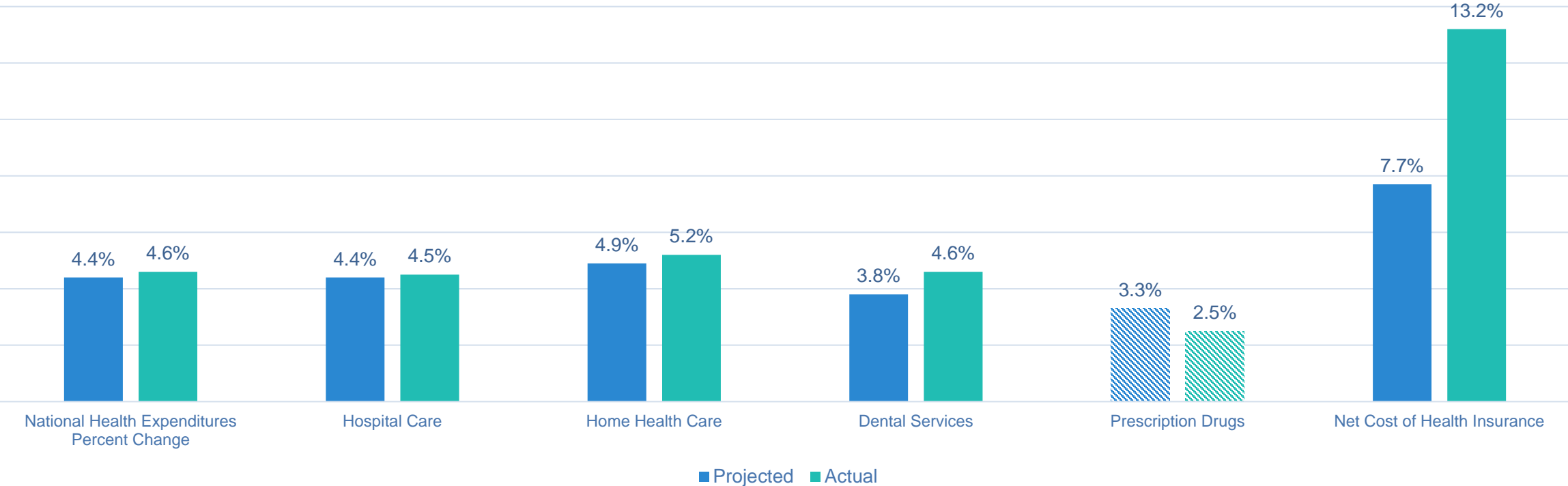
Retail Drugs Accounted for a Small Share of the \$162 Billion Increase in Health Care Spending Between 2017 and 2018

Source of Increase in Spending Between 2017 and 2018 (\$billions)

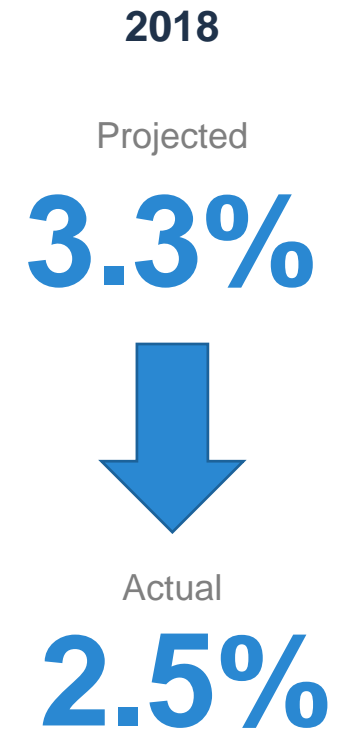
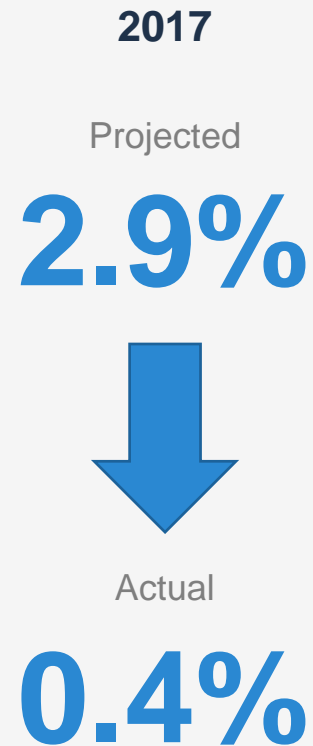


Spending Growth on Retail Drugs in 2018 was Significantly Less than Projected

2018 Actual vs. Predicted Spending Growth by Category



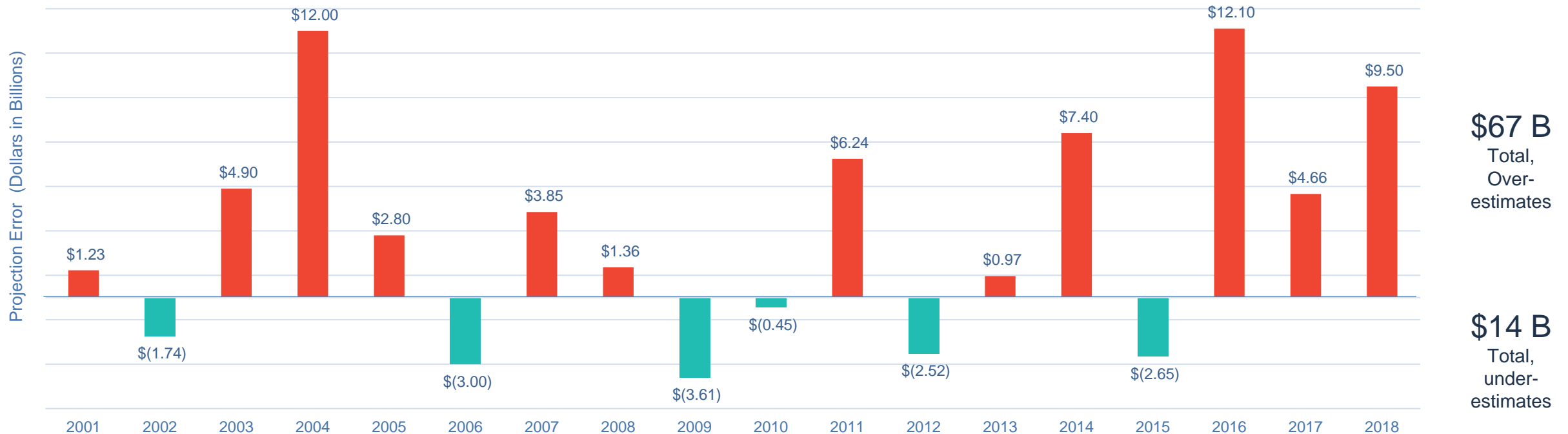
Projections of annual growth for retail prescription medicine are often overestimated



Projections are from previous year release of the National Health Expenditures data

NHE First-year Projections Typically Over-estimate Retail Medicine Spending Significantly

More than two-thirds of the time, CMS actuaries over-estimated retail drug spending by \$1 billion or more.



Projections are from previous year release of the National Health Expenditures data