

U.S. Health Spending By Age Highlights

We present highlights of the article “U.S. Health Spending By Age, Selected Years Through 2004”, published in *Health Affairs* as a Web Exclusive, November 2007. In the article we discuss personal health care spending estimates by age groups (0-18, 19-44, 45-54, 55-64, 65-74, 75-84, and 85+) by service and payer, examining variations in health spending by children, working-age adults, and seniors for selected years between 1987 and 2004.

Per person personal health care spending for the 65 and older population was \$14,797 in 2004, which was 5.6 times higher than spending per child (\$2,650 in 2004) and 3.3 times spending per working-age person (\$4,511 in 2004). The relative gap in per person spending between these three age groups has not changed much since 1987.

In 2004, children accounted for 26 percent of the population and 13 percent of PHC spending, while the working-age group, including the baby boomers, comprised the majority of spending and population, at 52 percent and 62 percent respectively. The elderly were the smallest sized group at 12 percent of the population accounting for the remaining 34 percent of spending.

Spending trends for children since 1999 have been largely influenced by the SCHIP program. Children’s health care is still primarily paid for by private sources and Medicaid at 59 and 31 percent in 2004, respectively.

While prescription drug spending grew fast for all age groups between 1987 and 2004, it disproportionately impacted the working age population, which consisted of the entire baby boom population in 2004. As a result, this cohorts’ share of total prescription drug spending increased from 56 percent in 1987 to 62 percent in 2004.

Spending for the oldest old, 85 years and older, relative to spending for all other age groups has decreased from 1987 to 2004, mainly due to a slowdown in nursing home spending. This is the result of an increase in care alternative to nursing home care, such as Medicaid’s home and community-based waivers program.

Combining 2004 per capita health care spending levels with the projected future-age-mix reveals minimal effects of aging on overall per person spending, similar to findings in other previous studies.

Medicare enrollment growth is anticipated to be a stronger influence on future spending (projected to be 1.6 percent growth per year from 2004-2050) than the changing age-mix of the Medicare population (expected to contribute just 0.1 percent per year).