

Health care prices in BEA's official statistics

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Health care in personal consumption expenditures (PCE)

- 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

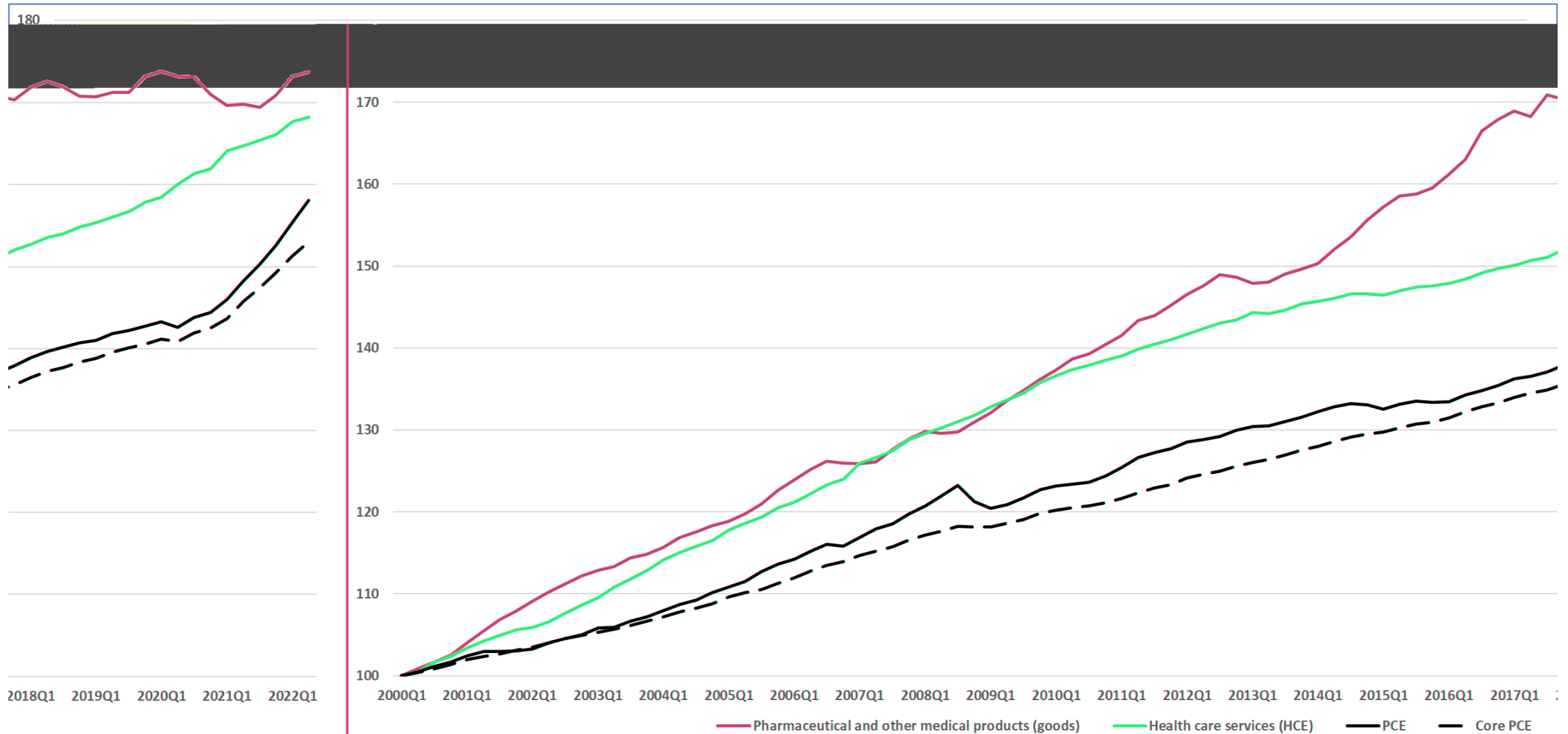
- Net health insurance

- 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

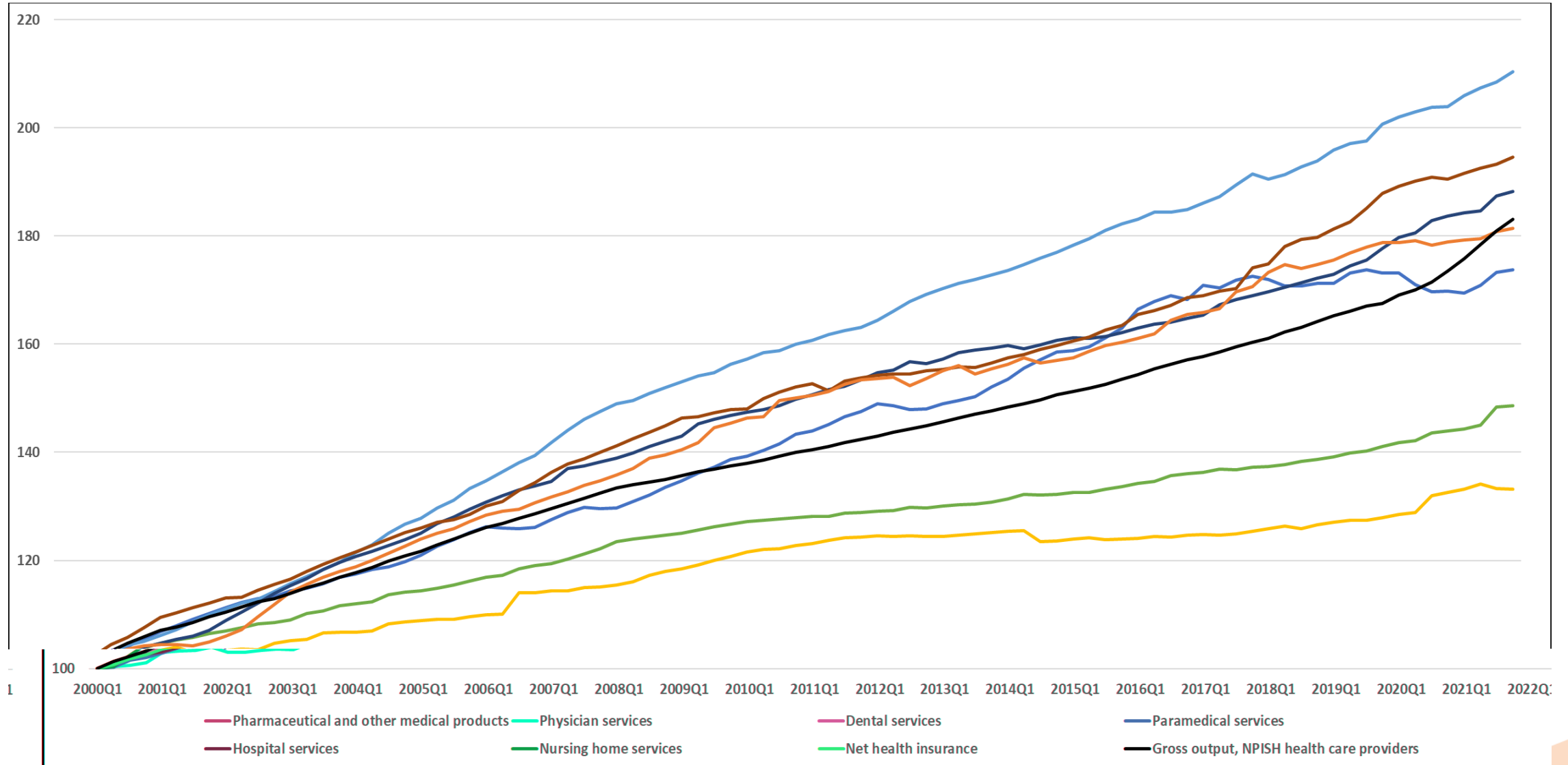
- Includes purchased services and services provided without charge by non-profits (NPISH)
 - Household consumption expenditures (HCE) are purchased by households or insurers
 - PCE for health care services from NPISH is measured by their gross output (expenses)
- Current dollars – sales and expenses 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

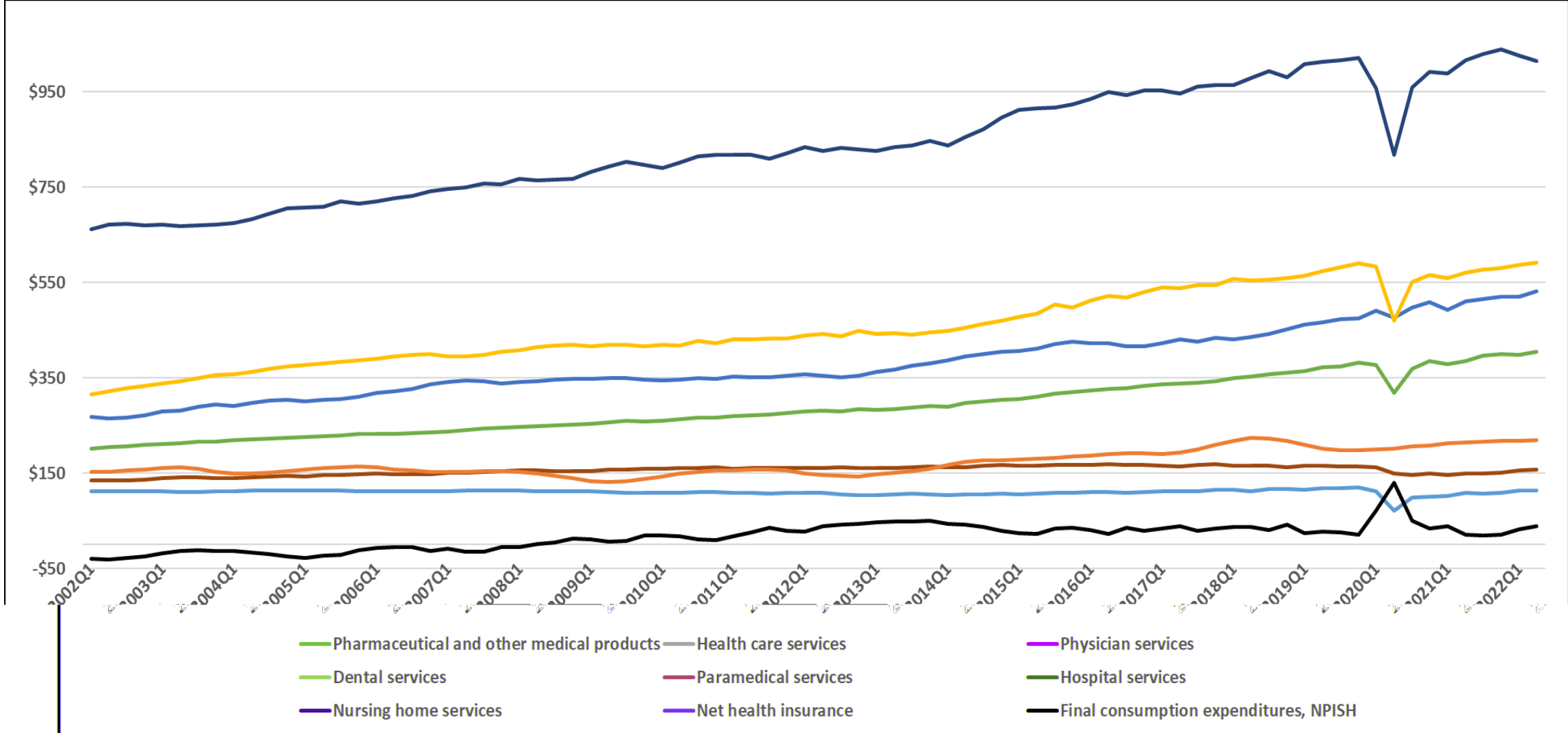
Health care prices: long term trends (2000 Q1=100)



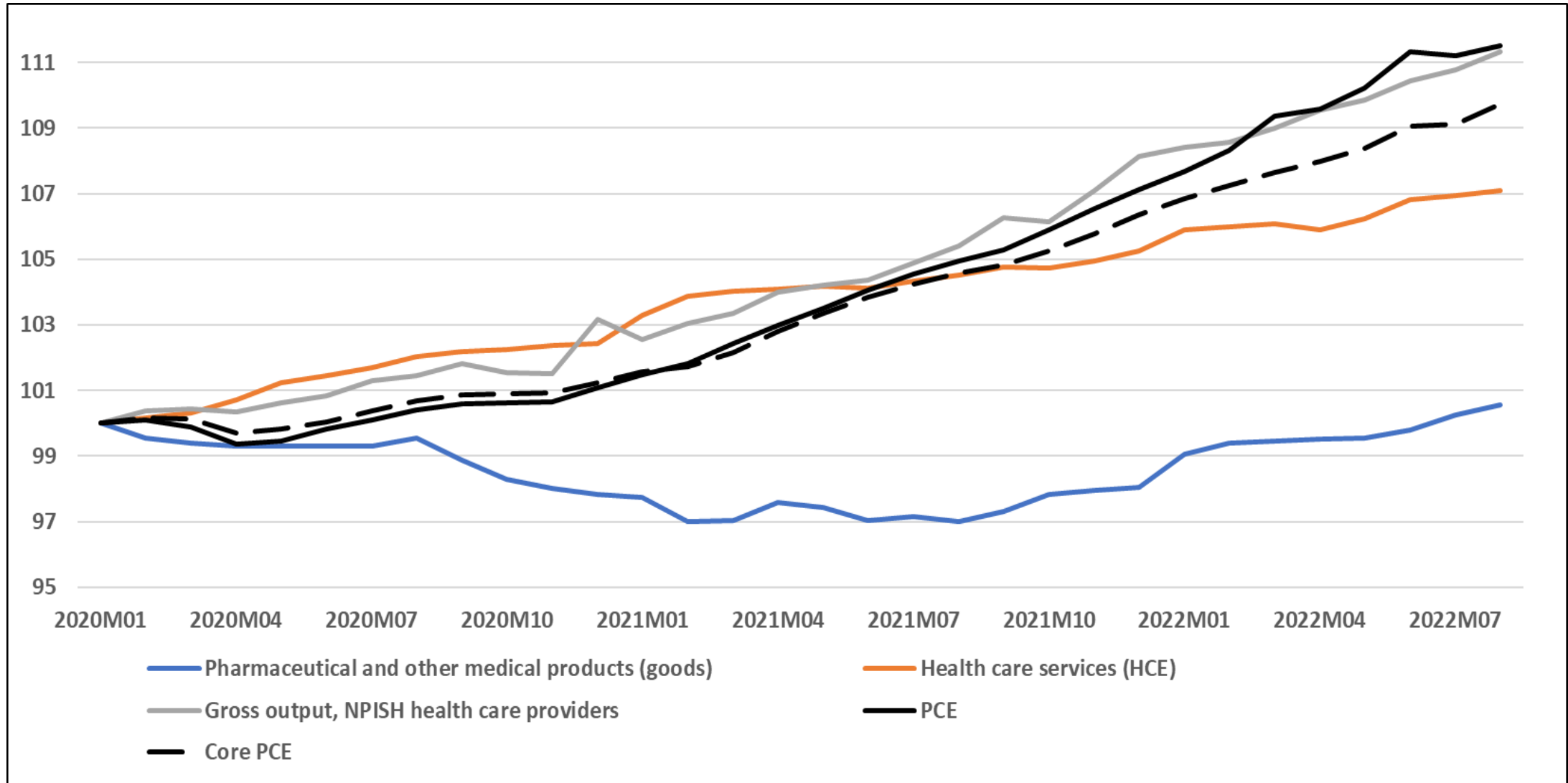
Health care prices: long term trends by type (2000 Q1=100)



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

- 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