

# Agency for Health Care Administration

Florida Center for Health Information and Policy Analysis

## Document Abstract

July 2009

**Title:** Florida Health Care Expenditures, Calendar Year 2007

**Summary:** In 2007, personal health care expenditures in Florida reached \$119.7 billion, up from \$112.3 billion in 2006 (an increase of 6.6%), and \$104.5 billion in 2005 (an increase of 7.5%). Among health services, the growth in spending from 2006 to 2007 was greatest for Medical Laboratories (9.9%) and Nursing Homes (9.7%).

From 2006 to 2007, total Medicare expenditures increased by 7.0%, while Medicaid expenditures increased by 5.0%. In the previous annual period (2005-06), Medicare expenditures increased by 16.9%, while Medicaid expenditures decreased by 2.2%. Those changes were, in part, related to the initiation of Medicare Part D, which pays for prescription drug expenses for Medicare enrollees. Total HMO expenditures were \$14.0 billion in 2007. HMO expenditures increased by 4.3% from 2006 to 2007, while enrollment decreased by 7.9%.

Florida expenditures per capita were \$6,354 in 2007, representing 17.0% of personal income. U.S. expenditures per capita were \$6,227, or 16.1% of personal income.

**Future Policy Implications:** Florida health care spending is affected by the higher number of elderly residents and Medicare beneficiaries in Florida compared to other states. The growth of physician, hospital and medicinal drug expenditures will impact benefits provided by public and private health plans, as well as consumer spending for personal health care. The continued economic downturn will also impact Medicaid caseload and expenditures and must be closely monitored for its effect on the overall state budget

**Relevant Florida Statutes:** Section 408.063(5), Florida Statutes, requires an annual comprehensive report of state health care expenditures.

**For Information Contact:** Bill Dahlem, Florida Center for Health Information and Policy Analysis, (850) 410-0224. To view or print this report, please visit the following website: [FloridaHealthFinder.gov](http://FloridaHealthFinder.gov)

# Table of Contents

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Document Abstract .....	i
Table of Contents.....	ii
Acknowledgments.....	iii
Executive Summary .....	iv
Introduction .....	1
Health Care Expenditures by Service.....	3
Health Care Expenditures by Payer .....	7
Comparison of Florida and the United States.....	10
HMO Expenditures and Premium Revenue.....	13
References .....	15
Appendices	
1: Health Care Services Description.....	17
2: Sources and Methods for Health Care Services Expenditures .....	19
3: Health Care Payer Description .....	20
4: Sources and Methods for Health Care Payer Expenditures.....	21
5: Health Care Inflation, 1992-2007.....	22
6: Health Care Expenditures by Service, 1992-2007 .....	23
7: Health Care Expenditures by Payer, 1992-2007.....	25
8: HMO Expenditures and Premium Revenue, 1992-2007 .....	27
9: HMO Enrollment, Premiums and Premiums per Enrollee by Payer, 2000-2007 .....	29

## **Acknowledgments**

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**Marie Bachman**

Florida Department of Financial Services

**Fred Roberson**

Medicaid Program Analysis, Agency for Health Care Administration

## Executive Summary

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In 2007, personal health care expenditures in Florida reached \$119.7 billion, up from \$112.3 billion in 2006 and \$104.5 billion in 2005. That represents an increase of 6.6% in health care costs from 2006 to 2007, following an increase of 7.5% from 2005 to 2006. The 6.6% increase is the fifth time over the past six years that the annual increase was between six and eight percent. The largest annual increase observed since 1992 was 8.8% in 2000-01. The 6.6% increase between 2006 and 2007 is higher than general inflation as measured by the Gross Domestic Product Price Index (4.5%).

Unlike previous years, no health care service area had an annual increase greater than 10%. Amongst health services, expenditures for Medical Laboratories (9.9%) and Nursing Homes (9.7%) had the highest percentage increases. For the top three cost drivers, the spending increases were more modest: Hospitals (6.9%), Physicians (6.4%) and Medicinal Drugs (5.0%). For payers of health care, the annual percentage change in expenditures was led by Other Private Sources, with a 7.4% increase, followed by Private Insurance (7.2% increase) and Medicare (7.0% increase).

Between 2006 and 2007 Medicaid expenditures increased by 5.0%, a rise that came immediately after the only annual decrease (-2.2%, 2005-06) observed since 1992. In comparison, the annual growth rate over the period 1999-2004 was between 10% - 15%. The decrease in 2005-06 was partially due to the inception of the Medicare Part D program. Additionally, the Medicaid caseload decreased by 1.3%, following a 0.9% decrease, between 2005-06, in contrast with large increases in caseload observed from 1999 to 2002.

Total Medicaid expenditures in 2007 (\$14.6 billion) are 2.7% higher than Medicaid spending in 2005. For Medicaid enrollees, spending per enrollee increased by 6.3%, following an annual decrease of 1.3% between 2005-2006.

Growth in Medicare expenditures increased by 7.0% (2006-07), considerably down from an increase of 16.9% from 2005 to 2006. The number of Medicare beneficiaries has grown by a modest percentage annually, e.g., 2.1% from 2006 to 2007. Therefore, spending per beneficiary increased by 4.8% between 2006 and 2007, down from a 14.8% increase from 2005 to 2006.

HMO expenditures totaled \$14.0 billion in 2007, up 4.3% from \$13.4 billion in 2006, which was up 9.0% from 2005. HMO expenditures include Medicare, Medicaid, and private HMO expenditures. The annual rate of growth of HMO expenditures had increased steadily in each year since 2002, until 2006-07 when the growth rate fell to 4.3%.

Excluding expenditures for health care services delivered to nonresidents, personal health care spending for Florida residents was \$119.0 billion or \$6,354 per capita in 2007. Health care spending was 17.0% of the total personal income of Florida residents. In the same year, U.S. personal health care expenditures were \$6,227 per capita, accounting for 16.1% of personal income.

Florida health care spending is affected by the higher proportion of elderly residents and Medicare beneficiaries in Florida compared to other states. In 2007, the percentage of Florida residents aged 65 years and older was 17.1%, compared to 12.6% for the United States.

## Introduction

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Personal health care expenditures equal total revenues received by health care providers as compensation for their services for consumers, insurers, and government agencies. Health care providers include all practitioners and facilities that offer health care services and medical supplies to individual patients. This report provides information about trends in health care expenditures for: (1) health care services, (2) health care payers, and (3) health maintenance organizations (HMOs). Personal health care expenditures include all services provided on an individual basis. Expenditures for public health education and regulation and the administrative costs of insurers are excluded.

The health care expenditures in this report describe payments for services delivered in Florida, including services delivered to nonresidents. Expenditures per capita and expenditures as a percent of personal income were adjusted to reflect resident spending. On a statewide basis, the difference between provider-receipts and resident-based expenditures was less than 1%.

Health care services are categorized according to the definitions of the North American Industry Classification System (NAICS)<sup>1</sup> (**Appendix 1**) and other categories described in **Appendix 2**. The 2002 Economic Census conducted by the U.S. Census also used the NAICS.<sup>2,3,4</sup> All previous editions of this report classified services according to the categories of the *U.S. Standard Industrial Classification Manual* (SIC).<sup>5</sup>

To maintain consistency in the categories over the years, expenditures grouped under the NAICS were mapped to the old SIC categories using the document *1987 SIC Matched to 2002 NAICS, Service Industries*.<sup>6</sup> The results of this mapping can be seen in **Appendix 1**. There is not, however, a perfect one-to-one correspondence between some NAICS and SIC categories. For example, to construct a new Nursing Home group one must aggregate several NAICS categories, some of which contain expenditures that are not strictly nursing home, e.g., continuing care retirement communities. The result is a less than perfect bridge from the old SIC categories to the new NAICS ones. The two service categories potentially affected the most by this mismatch are nursing homes and hospitals.

Health care payers are categorized according to definitions used by the U.S. Centers for Medicare & Medicaid Services (CMS) described in **Appendix 3**. Health care payers include all governmental programs and subsidies, insurance plans, out-of-pocket payments, and other private sources such as investments, donors or various enterprises.

Health care expenditures for health services were estimated using reports from government agencies, mainly data on employee wages that constitute approximately 40% of total personal health care expenditures.<sup>7</sup> Florida wage data were obtained for all health services except medicinal drugs, durable medical equipment, and specialized government and other services. Expenditures for specialized government and other services were estimated using national data. National and state data from the 2002 Economic Census were used to estimate medicinal drugs and durable medical equipment. Data sources and methods for health service expenditures are described in **Appendix 2**.

National health care expenditure figures obtained from CMS are a major data source for this report. When CMS releases the latest data in the annual report, *National Health Expenditures*, the data from many previous years are revised.<sup>8</sup> Therefore, figures for Florida expenditures in

the years 1992-2006 shown in this report will be different from figures for the same years as displayed in previous editions of this report.

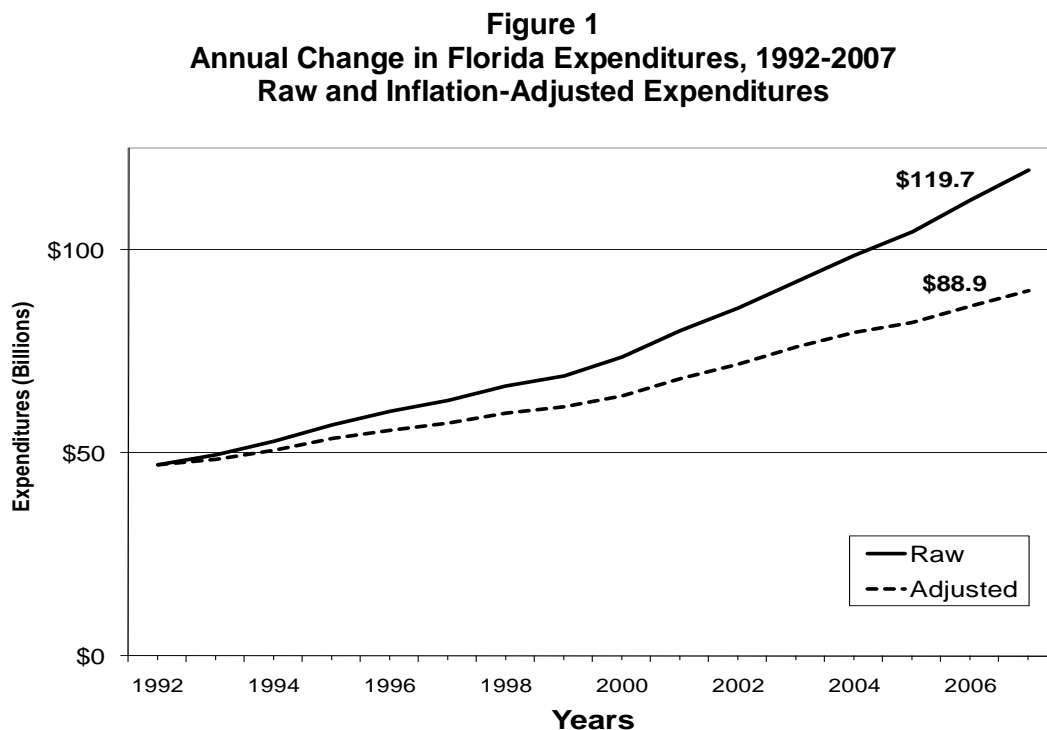
Payer expenditures were estimated using national data and the total of Florida health care expenditures. Florida data were obtained for Medicaid expenditures from the Agency for Health Care Administration's (Agency) Division of Medicaid. Medicare expenditures were estimated using total national expenditures for 2007 times the ratio of Florida/U.S. expenditures in 2004 (the last year that Florida-specific data were calculated by CMS). Data sources and methods for payer expenditures are described in **Appendix 4**, which also details the method used to estimate resident-based expenditures.<sup>9</sup> Finally, HMO expenditures and revenue were obtained from annual financial statements collected by the Florida Department of Financial Services/Office of Insurance Regulation.

## Health Care Expenditures by Service

In 2007, personal health care expenditures in Florida reached \$119.7 billion, a 6.6% increase over the \$112.3 billion spent in 2006, following an increase of 7.5% from 2005 to 2006. Since 1992, the annual percentage increase peaked with a rate of 8.8% between 2000 and 2001. After 2001, the annual increase has ranged from a low of 5.9% (2004-05) to a high of 7.6% (2002-03).

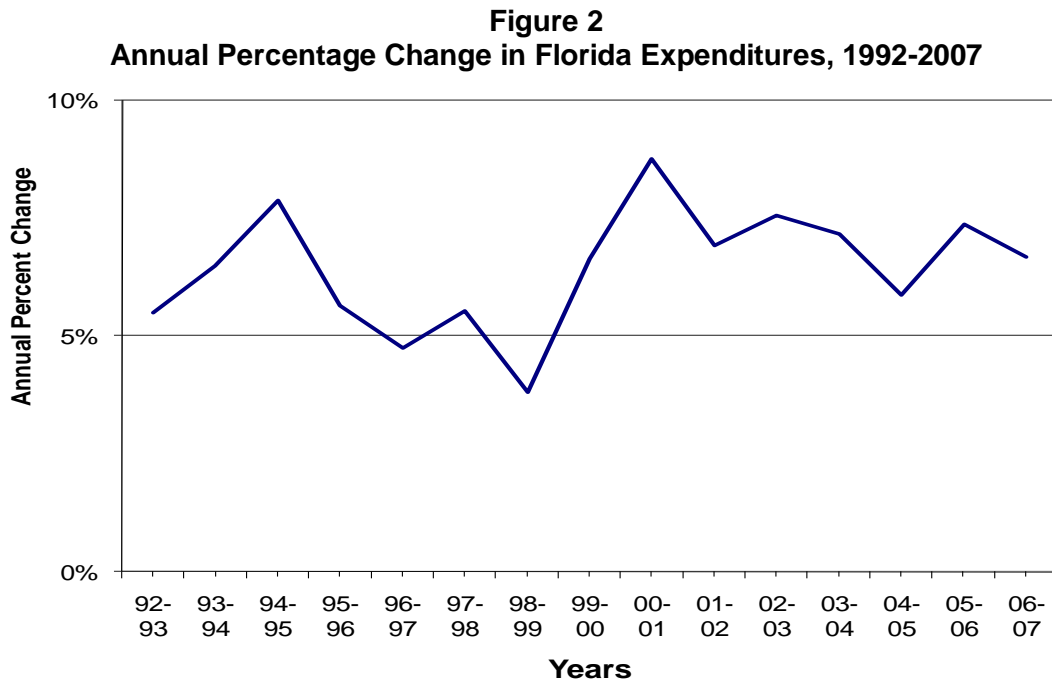
**Figure 1** shows the annual growth in Florida expenditures from 1992 to 2007. The chart displays this growth in two ways, in terms of the actual dollar amounts ("Raw") and inflation-adjusted numbers ("Adjusted"). Expenditures can be adjusted for economy-wide inflation which removes price increases that reflect changes in prices for all goods and services. This adjustment utilized a national inflation index, the Gross Domestic Product Price Index as provided by the U.S. Bureau of Economic Analysis. See **Appendix 5** for a listing of this inflation index and its annual percentage change.

**Figure 1** shows that, starting with expenditures in 1992 (\$47.0 billion) as the anchor, spending increased by 154.6% to \$119.7 billion in 2007. By inflation adjusting these figures, keeping expenditures in 1992 dollars, the increase was 91.3%, up to \$89.9 billion in 2007.



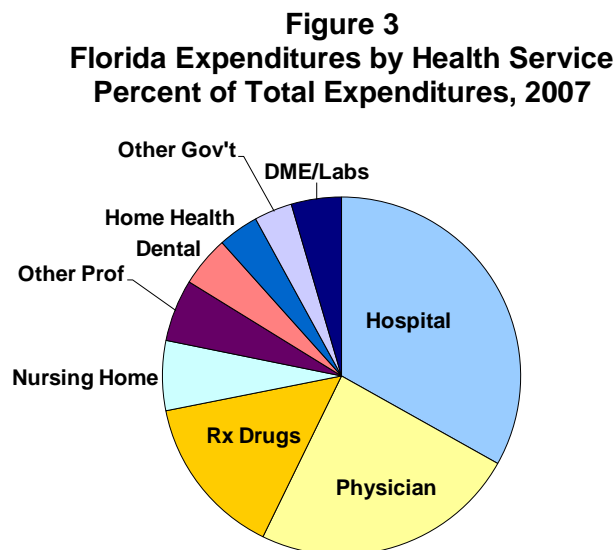
Note: Adjustment uses Gross Domestic Product Price Index  
Source: AHCA; U.S. Bureau of Economic Analysis

**Figure 2** shows the annual percentage change in expenditures (unadjusted) from 1992 to 2007. The figure shows that the annual percentage change in expenditures in Florida was mainly between 5% and 8%. Over the past five years (2002-2007), that increase has been in a narrow range between 5.9% and 7.6%.



Source: AHCA; U.S. Bureau of Labor Statistics; CMS

**Figure 3** displays the proportion of total health care expenditures among health services in 2007. The service categories with the highest expenditures were Hospitals (33.1% of total expenditures), Physicians (24.1%) and Medicinal Drugs (14.7%). Together these three components accounted for 71.9% of total personal health care expenditures in 2007.



Source: AHCA



**Table 1** displays the percentage change in health care service expenditures from 2006 to 2007. The difference in overall spending (\$7.4 billion) represents a 6.6% increase. Unlike previous years, no health care service had an annual increase greater than 10%, although two services had a nine percent increase (Medical Laboratories and Nursing Homes). For the top three cost drivers, the spending increases were more modest: Hospitals (6.9%), Physicians (6.4%) and Medicinal Drugs (5.0%). The annual increase for Physicians and Medicinal Drugs was lower than the increase from the previous year, while the rate was slightly higher for hospitals.

**Table 1**  
**Florida Expenditures by Health Service, 2006-2007**

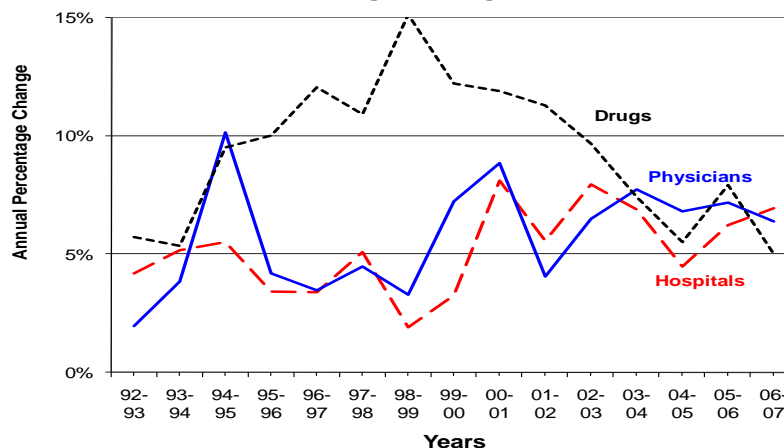
Health Services	Expenditures		Difference 2006-2007	Percent Change 2006-2007
	2006	2007		
Hospitals	\$37,085	\$39,660	\$2,575	6.9%
Physicians	27,106	28,835	1,730	6.4%
Dentists	5,144	5,470	326	6.3%
Medical Laboratories	3,314	3,641	327	9.9%
Other Professionals	6,426	6,724	298	4.6%
Home Health	4,093	4,384	291	7.1%
Medicinal Drugs	16,699	17,536	836	5.0%
Durable Medical Equipment	1,763	1,778	15	0.9%
Nursing Homes	6,885	7,550	665	9.7%
Specialized Government Services	3,776	4,109	333	8.8%
<b>Total Personal Health Care</b>	<b>112,291</b>	<b>119,687</b>	<b>7,396</b>	<b>6.6%</b>

*Note: Expenditures in \$ millions.*

Source: AHCA

**Figure 4** shows the annual percentage change in expenditures since 1992 for medicinal drugs, hospitals and physicians. Between 1998 and 1999, the growth rate for drugs peaked at 15.1%, and has declined in nearly every year since then. The rate increase in 2006-07 (5.0%) was the lowest increase since 1993-94. Between 1996 and 2003, annual spending increases for medicinal drugs were three to twelve percentage points higher than rates for hospitals and physicians. Since 2003 the growth rates have converged. For the first time since the inception of this report (1992), the increase in spending for medicinal drugs was below that for physicians and hospitals. Additional details on expenditures for health care services, for each year from 1992 to 2007, are reported in **Appendix 6**.

**Figure 4**  
**Florida Expenditures for Medicinal Drugs, Hospital and Physician Services**  
**Annual Percentage Change, 1992-2007**



Source: AHCA

**Table 2** and **Figure 5** display the percentage of total health care expenditures among health services in 1992, 2006 and 2007. Over the sixteen-year period, the proportion of total expenditures declined in the two largest categories, hospitals (a 6.4 percentage point decrease in share) and physicians (a 2.5 percentage point decrease), while medicinal drugs had the largest proportional increase (4.8 percentage points). The proportion of spending in 2007 is down slightly from 2006 for Medicinal Drugs (a 0.2 percentage point decrease), unchanged for Physicians, while the share for Hospitals increased by 0.1 points.

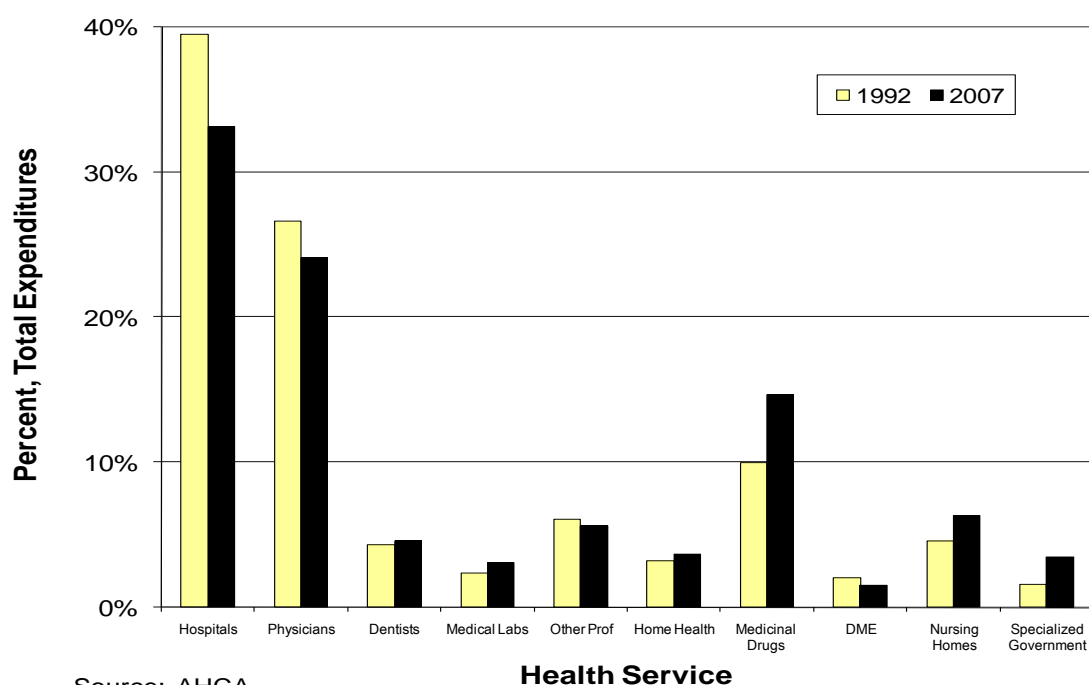
**Table 2**  
**Florida Expenditures by Health Service**  
**Percent of Total Expenditures, 1992, 2006 and 2007**

Health Services	1992		2006		2007	
	Amount	Percent	Amount	Percent	Amount	Percent
Hospitals	\$18,573	39.5%	\$37,085	33.0%	\$39,660	33.1%
Physicians	12,516	26.6%	27,106	24.1%	28,835	24.1%
Dentists	2,025	4.3%	5,144	4.6%	5,470	4.6%
Medical Laboratories	1,100	2.3%	3,314	3.0%	3,641	3.0%
Other Professionals	2,830	6.0%	6,426	5.7%	6,724	5.6%
Home Health	1,489	3.2%	4,093	3.6%	4,384	3.7%
Medicinal Drugs	4,641	9.9%	16,699	14.9%	17,536	14.7%
Durable Medical Equipment	972	2.1%	1,763	1.6%	1,778	1.5%
Nursing Homes	2,138	4.5%	6,885	6.1%	7,550	6.3%
Specialized Government	724	1.5%	3,776	3.4%	4,109	3.4%
Total Personal Health Care	47,008	100.0%	112,291	100.0%	119,687	100.0%

*Note: Expenditures in \$ millions; Numbers and percents may not add to totals due to rounding.*

Source: AHCA

**Figure 5**  
**Florida Expenditures by Health Service**  
**Percent of Total Expenditures, 1992 and 2007**



Source: AHCA

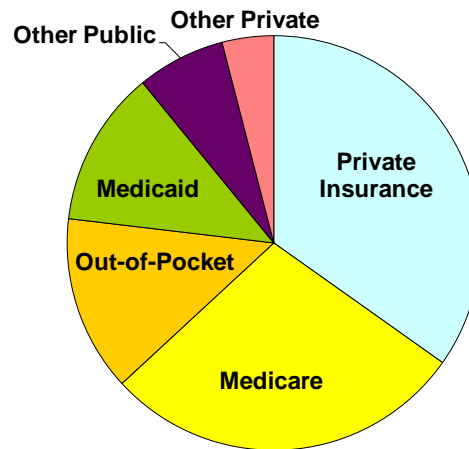
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## Health Care Expenditures by Payer

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**Figure 6** shows the proportion of total expenditures in 2007 by payer category. The payer categories with the highest proportion of expenditures were Private Insurance (34.8% of total expenditures), Medicare (28.3%) and Out-of-Pocket (13.7%).

**Figure 6**  
**Florida Expenditures by Payer**  
**Percent of Total Expenditures, 2007**



Source: AHCA

**Appendix 7** displays the percentage change in expenditures by payer from 1992 to 2007. Between 2006 and 2007, the growth of spending was greatest for Other Private Sources, (7.4% increase), followed by Private Insurance (7.2% increase) and Medicare (7.0% increase). In the previous annual period (2005-06), Medicare expenditures increased by 16.9%, while Medicaid expenditures decreased by 2.2%. Those changes were most likely due to the initiation of Medicare Part D, which pays for prescription drug expenses for Medicare enrollees.

The 5.0% increase in Medicaid expenditures came immediately after the only annual decrease (-2.2%) observed since 1992. In comparison, the annual growth rate over the period 1999-2004 was between 10% - 15%. Total Medicaid expenditures in 2007 (\$14.6 billion) are 2.7% higher than Medicaid spending in 2005.

**Appendix 7** also shows that the spending increase for Private Insurance (7.2%) continued a trend of annual increases around six and seven percent observed since 2000. Out-of-Pocket expenses increased by 5.9%, up from the 3.2% increase in the previous period. The 5.9% increase was the largest for this category since a 9.6% increase from 1997 to 1998.

**Table 3** displays the percentage of total personal health care expenditures among health payers in 1992, 2006 and 2007. Between 2006 and 2007, the proportion of Medicare expenditures increased by only 0.1 percentage points. In the previous period (2005-06), the Medicare increased its share by 2.3 points, due in part to the Part D expansion. In the 2006-07 period, the proportion of Medicaid expenditures decreased by 0.2 points, much less than the 1.7 point decrease in the previous period. Private Insurance increased by 0.2 points and Out-of-Pocket decreased by 0.1 point.

Comparing the proportion of expenditures in 2007 against that in 1992, reveals that three payers showed increases, led by Medicare (6.2 points), followed by Medicaid (2.8 percentage points), and Private Insurance (0.8 points). The proportion of total expenditures decreased for Out-of-Pocket (down 6.3 points) and Other Public Funds (down 2.5 points).

**Table 3**  
**Florida Expenditures by Payer**  
**Percent of Total Expenditures, 1992, 2006 and 2007**

Health Care Payer	1992		2006		2007	
	Amount	Percent	Amount	Percent	Amount	Percent
Medicaid	\$4,419	9.4%	\$13,897	12.4%	\$14,586	12.2%
Medicare	10,427	22.2%	31,704	28.2%	33,921	28.3%
Other Public Funds	4,431	9.4%	7,839	7.0%	8,270	6.9%
Private Insurance	15,979	34.0%	38,835	34.6%	41,645	34.8%
Out-of-Pocket	9,406	20.0%	15,523	13.8%	16,440	13.7%
Other Private Sources	2,346	5.0%	4,492	4.0%	4,824	4.0%
Total Personal Health Care	47,008	100.0%	112,291	100.0%	119,687	100.0%

*Note: Expenditures in \$ millions; Numbers and percents may not add to totals due to rounding.*

Source: AHCA; CMS

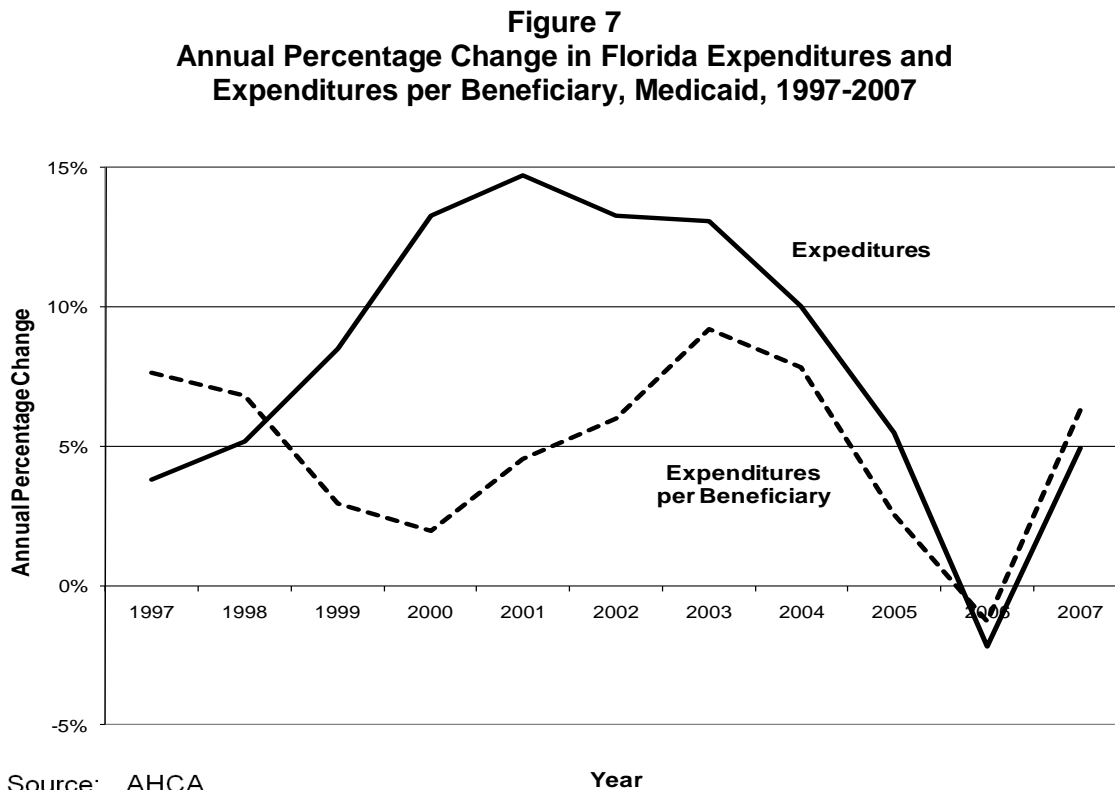
**Table 4** shows figures for the Medicaid caseload (number of eligible enrollees), total expenditures and expenditures per enrollee for 2002-2007. Between 2006 and 2007, expenditures increased by 5.0%, in marked contrast to a decrease of 2.2% between 2005 and 2006. The caseload decreased for the second year in a row by 1.3%, yielding a per-eligible increase, 2006-07, of 6.3%. In the previous period, there was a 1.3% decrease in per-eligible expenditures.

**Table 4**  
**Florida Medicaid Health Plans**  
**Annual Percentage Change in Average Monthly Caseload**  
**Total Expenditures and Expenditures per Eligible, 2002-2007**

	2002	2003	2004	2005	2006	2007
Caseload (Eligibles)	2,005,354	2,076,560	2,118,145	2,178,100	2,157,953	2,130,507
Percent Change	6.8%	3.6%	2.0%	2.8%	-0.9%	-1.3%
Expenditures (\$millions)	\$10,828	\$12,243	\$13,470	\$14,207	\$13,897	\$14,586
Percent Change	13.3%	13.1%	10.0%	5.5%	-2.2%	5.0%
Expenditures/Eligible	\$5,400	\$5,896	\$6,359	\$6,523	\$6,440	\$6,846
Percent Change	6.0%	9.2%	7.9%	2.6%	-1.3%	6.3%

Source: AHCA and Florida Office of Economic and Demographic Research (EDR)

**Figure 7** portrays these trends in Medicaid expenditures and expenditures per beneficiary.



**Table 5** shows figures for the Medicare beneficiary enrollment, total expenditures and expenditures per beneficiary for 2002-2007. From 1998 to 2003, annual expenditures for Medicare increased by a smaller amount compared to Medicaid. However, between 2003 and 2004 that situation reversed, where the increase in Medicare expenditures was 1.4 percentage points greater than the increase for Medicaid. Between 2006 and 2007, that spread was 2.0 points (Medicare 7.0%, Medicaid 5.0%). Previously, 2005 and 2006, that difference was 19.1 points (Medicare 16.9%, Medicaid -2.2%).

In contrast with Medicaid, the number of Medicare beneficiaries has grown by a steady, small percentage annually. The result is a modest increase (2006-2007) in spending per beneficiary for Medicare (4.8%), compared with a 6.3% increase for Medicaid.

**Table 5**  
**Florida Medicare Health Plans**  
**Annual Percentage Change in Average Monthly Enrollment**  
**Total Expenditures and Expenditures per Beneficiary, 2002-2007**

	2002	2003	2004	2005	2006	2007
Beneficiaries	2,876,168	2,920,971	2,980,279	3,008,193	3,063,638	3,126,548
Percent Change	1.3%	1.6%	2.0%	0.9%	1.8%	2.1%
Expenditures (\$millions)	\$20,770	\$22,415	\$24,979	\$27,116	\$31,704	\$33,921
Percent Change	7.9%	7.9%	11.4%	8.6%	16.9%	7.0%
Expenditures/Beneficiary	\$7,222	\$7,674	\$8,381	\$9,014	\$10,340	\$10,849
Percent Change	6.5%	6.3%	9.2%	7.5%	14.8%	4.8%

Source: Centers for Medicare & Medicaid Services

## Comparison of Florida and the United States

**Table 6** shows health care expenditures per capita and as a percent of personal income for Florida residents and the nation in 1992, 2006 and 2007.<sup>10</sup> In 2007, health care expenditures were 17.0% of personal income in Florida, up from 16.7% in 2006. The 17.0% proportion was down 0.8 percentage points from a peak of 17.8% in 2003.

Personal health care expenditures for the nation were 16.1% of personal income in 2007, unchanged from 2006 and up from 13.6% in 1992. Health care spending of Florida residents reached \$6,354 per capita in 2007, while U.S. spending per capita was \$6,227. Excluding expenditures for nonresidents, personal health care spending was \$119.0 billion in Florida in 2007. (To estimate resident expenditures, Florida personal health care expenditures were reduced by the Medicare net flow border crossing ratio of 0.9805 for Florida (1991)<sup>9</sup>, weighted by the proportion of Medicare expenditures to total health care expenditures in Florida.)

**Table 6**  
**Per Capita Health Care Expenditures and**  
**Percent of Personal Income**  
**Florida and the United States, 1992, 2006 and 2007**

	Florida			United States		
	1992	2006	2007	1992	2006	2007
Total Expenditures *	\$47,008	\$112,291	\$119,687	\$725,900	\$1,765,498	\$1,878,275
Population *	13.7	18.1	18.7	256.5	298.8	301.6
Expenditures Per Capita	\$3,429	\$6,184	\$6,354	\$2,830	\$5,910	\$6,227
Total Personal Income *	\$278,700	\$668,513	\$699,314	\$5,349,384	\$10,977,312	\$11,631,571
Percent of Personal Income	16.8%	16.7%	17.0%	13.6%	16.1%	16.1%

\* Figures in millions.

Source: AHCA, CMS and U.S. Bureau of Census

Florida health care spending is affected by the higher number of elderly residents and Medicare beneficiaries in Florida compared to other states. In 2007, the percentage of Florida residents ages 65 years and older was 17.1%, compared to 12.6% for the U.S. In the U.S. between 1991 and 1998, total health care spending of persons 65 years and over was about six times that of persons under age eighteen.<sup>11</sup> In 1997 median total drug expenditures by the elderly was 5.6 times greater than that of the non-elderly.<sup>12</sup> An implication of these findings is that states with a higher proportion of older residents will have higher health care expenditures.

**Table 7** (next page) details facility charges by age group for inpatient hospitalizations and ambulatory surgery visits from data reported to AHCA by hospitals and ambulatory surgery centers in Florida for 2007. The table shows that the percentage of charges for the older age group exceeds their proportion of the population. This is especially true for inpatient hospitalization, where 17.1% of the population accounted for 46.8% of charges. Inpatient hospitalization spending per person among the older age group (ages 65 and over) was 4.3 times that of the younger group (ages 0 through 64). The age group differences were less pronounced with ambulatory surgery, where the older age group accounted for 36.8% of charges. For these services, spending per person for the elderly group was 2.8 times that for the younger group.

**Table 7**  
**Per Capita Facility Charges**  
**By Age Group and Facility Type**  
**Florida, 2007**

Age Group (Years)	Charges (Sum)	Percent Charges	Population	Percent Population	Charges / Population
<b>Inpatient Hospital</b>					
0 - 64	\$43,691,246,519	53.2%	15,521,026	82.9%	\$2,815
65 +	\$38,431,091,929	46.8%	3,210,261	17.1%	\$11,971
<b>Ambulatory Surgery</b>					
0 - 64	\$11,768,758,464	63.2%	15,521,026	82.9%	\$758
65 +	\$6,840,455,867	36.8%	3,210,261	17.1%	\$2,131

Source: AHCA and Florida Office of Economic and Demographic Research

**Table 8** displays expenditures for health services in the U.S. and Florida in 2007, and shows that Florida had a lower percentage of expenditures for hospital services than the nation (a 4.0 percentage point difference). Further, although Florida has a higher proportion of elderly residents, nursing home expenditures were a lower percentage of total expenditures in Florida (6.3%), than in the U.S. (7.0%). For services with more than \$10 billion in expenditures in Florida, the percentage in Florida exceeded that in the U.S. for physicians by 1.6 percentage points and medicinal drugs by 0.6 percentage points. The percentage in Florida was also greater for Other Professionals (a difference of 2.3 percentage points), Home Health (0.6 points difference) and Durable Medical Equipment (0.2 points difference).

**Table 8**  
**Expenditures by Health Service**  
**Percent of Total Expenditures**  
**Florida and the United States, 2007**

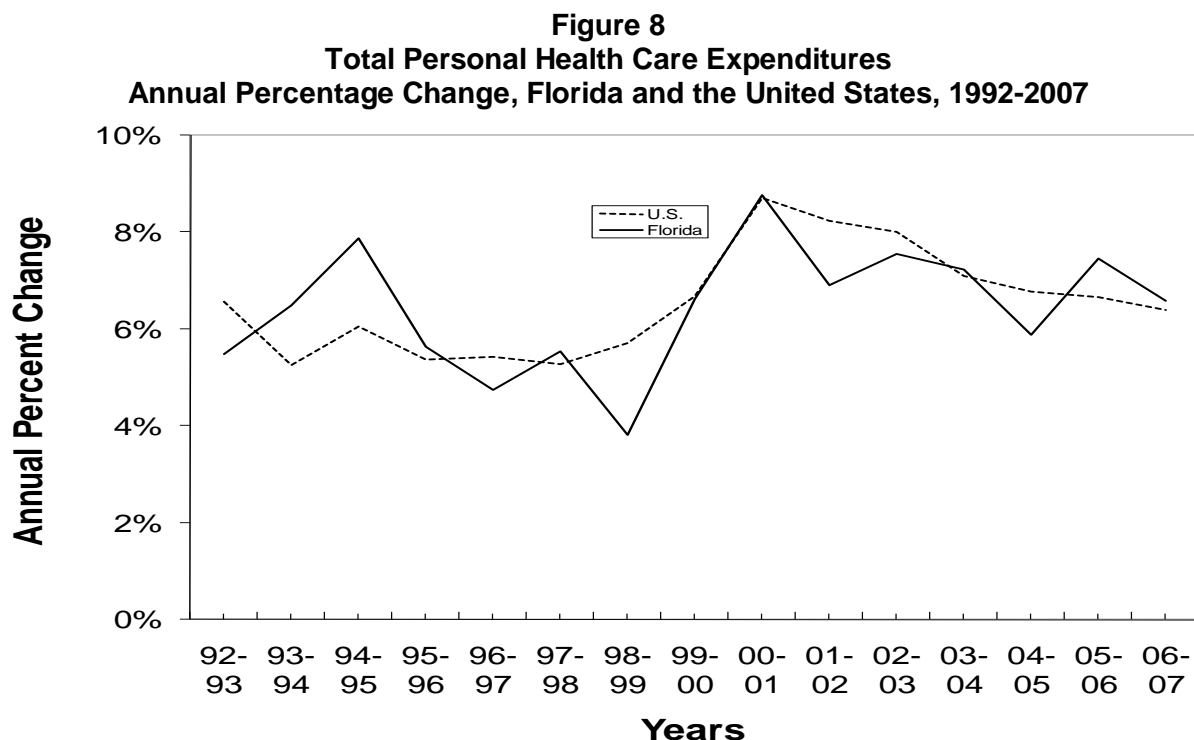
Health Services	Florida		United States	
	Expenditures	Percent	Expenditures	Percent
Hospitals	\$39,660	33.1%	\$696,539	37.1%
Physicians *	32,476	27.1%	478,768	25.5%
Dentists	5,470	4.6%	95,171	5.1%
Other Professionals	6,724	5.6%	62,001	3.3%
Home Health	4,384	3.7%	59,031	3.1%
Medicinal Drugs	17,536	14.7%	264,810	14.1%
Durable Medical Equipment	1,778	1.5%	24,450	1.3%
Nursing Homes	7,550	6.3%	131,338	7.0%
Specialized Government Services	4,109	3.4%	66,167	3.5%
Total Personal Health Care	119,687	100.0%	1,878,275	100.0%

\* Includes expenditures for Medical Laboratories.

Note: Expenditures in \$ millions. Numbers and percents may not add to totals due to rounding.

Source: AHCA and CMS

**Figure 8** shows the annual percentage change in expenditures for Florida and the U.S. since 1992. Over the past sixteen years, the percentage change in Florida exceeded that of the U.S. for eight of those years. Between 2006 and 2007, Florida's percentage change (6.6%) was 0.2 percentage points greater than the rate for the U.S. (6.4%).



Source: AHCA and CMS

**Table 9** displays health care payer expenditures by payer in the U.S. and Florida in 2007. Florida had a greater percentage of Medicare expenditures (28.3%) than the nation (21.8%), but a lower percentage of Medicaid expenditures (12.2%) than the U.S. (16.3%). The Medicare proportion for the U.S. was the highest observed since the inception of this report (1992).

**Table 9**  
**Expenditures by Payer**  
**Percent of Total Expenditures, Florida and the United States, 2007**

Health Care Payer	Florida		United States	
	Expenditures	Percent	Expenditures	Percent
Medicaid	\$14,586	12.2%	305,823	16.3%
Medicare	33,921	28.3%	409,643	21.8%
Other Public Funds	8,270	6.9%	135,098	7.2%
Private Insurance	41,645	34.8%	680,330	36.2%
Out-of-Pocket	16,440	13.7%	268,568	14.3%
Other Private Sources	4,824	4.0%	78,814	4.2%
Total	119,687	100.0%	1,878,275	100.0%

*Note: Expenditures in \$ millions; Numbers may not add to totals due to rounding.*

Source: AHCA; CMS; CFFR



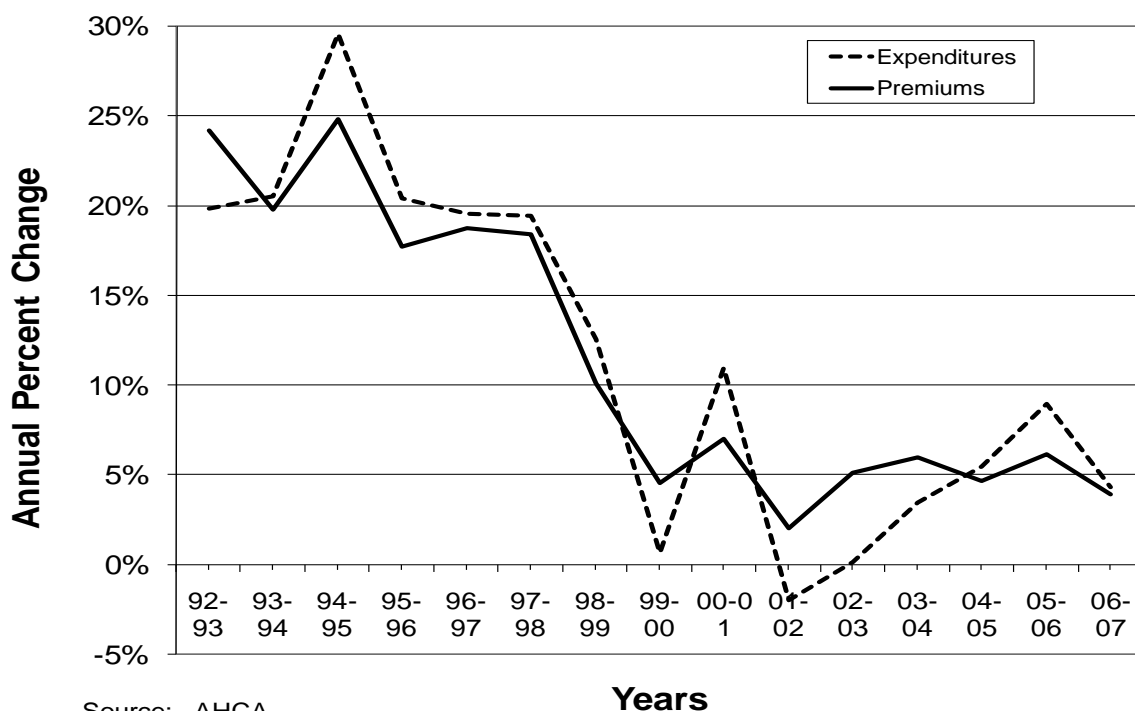
## HMO Expenditures and Premium Revenue

The amount and percentage change in total HMO expenditures and premiums for each year, 1992 to 2007, are reported in **Appendix 8**. Between 1995 and 2000, the annual rate of growth of HMO expenditures had declined. Since 2002, the annual percentage change had steadily increased in each year, reaching 9.0% between 2005 and 2006. However, in the most recent period (2006-07), the percentage change fell to a 4.3% increase, the smallest increase seen since 2003-04.

**Appendix 9** shows possible reasons for the sharp changes in expenditures over the past three years. From 2005 to 2006, the increase in enrollment for Medicare HMOs was 14.8%, which then decreased by 2.4% in the 2006-07 period. These figures suggest a large enrollment increase due to the inception of the Medicare Part D prescription drug program, followed by a decrease as some enrollees may have dropped out. Further, enrollment decreased substantially, 2006-07, for Commercial HMOs (-10.9%).

**Figure 9** compares the annual percentage change in HMO expenditures and premium revenue from 1992 to 2007. Between 1992 and 2001, the increase in expenditures was generally greater than that for premiums. However, between 2001 and 2004, premium increases exceeded those for expenditures. Since then, however, expenditure percentage increases exceeded premium increases. Over the most recent period (2006-07), the increase in expenditures (4.3%) was 0.4 percentage points greater than the increase for premiums (3.9%).

**Figure 9**  
**Florida HMO Expenditures and Premium Revenue**  
**Annual Percentage Change, 1992-2007**



**Table 10** shows the proportion of total HMO premium revenue by source (Medicare, Medicaid and commercial) in 1992, 2005, 2006 and 2007. The data show that in 2007, Medicare premiums were 46.0% of the total revenue, much higher than the 42.0% share in 2006 and 37.2% in 2005. Commercial premiums were 42.2% of the total in 2007, much lower than the 46.8% share in 2006 and 51.4% in 2005. Medicaid premiums were 11.8% in 2007, up from 11.2% in 2006, and more than twice the share in 1992 (5.7%).

**Table 10**  
**Florida HMO Premium Revenue by Revenue Source**  
**Percent of Total Revenue, 1992, 2005, 2006 and 2007**

Revenue Source	1992		2005		2006		2007	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Commercial	\$1,972	58.8%	\$7,776	51.4%	\$7,515	46.8%	\$7,048	42.2%
Medicare	1,192	35.5%	5,628	37.2%	6,746	42.0%	7,682	46.0%
Medicaid	191	5.7%	1,724	11.4%	1,800	11.2%	1,962	11.8%
<b>Total Premiums</b>	<b>3,355</b>	<b>100.0%</b>	<b>15,128</b>	<b>100.0%</b>	<b>16,061</b>	<b>100.0%</b>	<b>16,691</b>	<b>100.0%</b>

*Note: Amount in \$ millions.*

Source: Florida Department of Financial Services

**Table 11** shows that, for all payers, the increase in HMO premium revenue from 2006 to 2007 (3.9%) was associated with a 7.9% decrease in overall enrollment, the eighth consecutive decrease observed since 1999. That yielded a 12.8% increase in premium revenue per enrollee over that period, the largest annual increase seen since HMO data collection began in 1997. The annual change in revenue per enrollee has increased by at least 9.0% since 2000.

More detailed information on enrollment and premium revenue is presented in **Appendix 9**, aggregated by plan type. The appendix shows a 10.9% decrease in enrollment for commercial HMO plans, the second largest annual decrease observed since 2000. Medicaid HMOs had a 3.9% decrease in enrollment, 2006-2007, and an increase of 9.0% in revenue, yielding an increase of 13.4% in premium revenue per enrollee. In the previous period, that increase was 4.7%.

**Appendix 9** also shows that between 2006 and 2007, premiums per enrollee increased by 5.2% for commercial insurance, equaling the increase from the previous period, which also was the smallest increase since 1998. For Medicare, the annual increase was 16.7%, the largest increase since data collection began in 1997. This increase was due to a reduction in enrollment (down 2.4%) combined with a 13.9% increase in total premium revenue.

**Table 11**  
**Annual Percentage Change in Florida HMO Enrollment,**  
**Premiums and Premiums per Enrollee, 2002-2007**

	2002	2003	2004	2005	2006	2007
Enrollment	4,407,869	4,248,511	4,089,889	3,843,816	3,727,892	3,435,050
Percent Change	-7.3%	-3.6%	-3.7%	-6.0%	-3.0%	-7.9%
Premiums (\$millions)	\$12,978	\$13,639	14,456	15,128	16,061	16,691
Percent Change	2.0%	5.1%	6.0%	4.7%	6.2%	3.9%
Premiums / Enrollee	\$2,944	\$3,210	\$3,535	\$3,936	\$4,308	\$4,859
Percent Change	10.1%	9.0%	10.1%	11.3%	9.5%	12.8%

Source: Office of Insurance Regulation, Department of Financial Services

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## **Appendices**

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- 1: Health Care Services Description
- 2: Sources and Methods for Health Care Services Expenditures
- 3: Health Care Payer Description
- 4: Sources and Methods for Health Care Payer Expenditures
- 5: Health Care Inflation, 1992-2007
- 6: Florida Health Care Expenditures by Service, 1992-2007
- 7: Florida Health Care Expenditures by Payer, 1992-2007
- 8: Florida HMO Expenditures and Premium Revenue, 1992-2007
- 9: Florida HMO Enrollment, Premiums and Premiums per Enrollee by Payer, 2000-2007

## **Appendix 1:**

### **Health Care Services Description**

#### **Match of SIC to NAICS Categories**

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#### **Physicians (SIC 801; Includes Osteopaths, SIC 803)**

Offices of physicians, except mental health specialists (NAICS 621111).

Offices of physicians, mental health specialists (NAICS 621112).

HMO medical centers (NAICS 621491).

Freestanding ambulatory surgical and emergency centers (NAICS 621493).

#### **Dentists (SIC 802)**

Offices of dentists (NAICS 621210).

#### **Other Health Professionals (SIC 804)**

Offices of chiropractors (NAICS 621310).

Offices of optometrists (NAICS 621320).

Offices of mental health practitioners, except physicians (NAICS 621330).

Offices of physical, occupational and speech therapists, and audiologists (NAICS 621340).

Offices of podiatrists (NAICS 621391).

Offices of all other miscellaneous health practitioners (NAICS 621399).

#### **Nursing Homes (SIC 805)**

Nursing care facilities (NAICS 623110).

Residential mental retardation facilities (NAICS 623210).

Continuing care retirement communities (NAICS 623311).

#### **Hospitals (SIC 806)**

General medical and surgical hospitals (NAICS 622110).

Psychiatric and substance abuse hospitals (NAICS 622210).

Specialty hospitals, except psychiatric and substance abuse hospitals (NAICS 622310).

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*Note: Service categories are based on the North American Industry Classification System (NAICS). SIC: Standard Industrial Classification System.*

**Appendix 1 (continued):  
Health Care Services Description  
Match of SIC to NAICS Categories**

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**Laboratories (SIC 807)**

Medical laboratories (NAICS 621511).

Diagnostic imaging centers (NAICS 621512).

Dental laboratories (NAICS 339116).

**Home Health (Freestanding) (SIC 808)**

Home health care services (NAICS 621610).

**Miscellaneous Clinics (SIC 809)**

Family planning centers (NAICS 621410).

Outpatient mental health and substance abuse centers (NAICS 621420).

Kidney dialysis centers (NAICS 621492).

All other outpatient care centers (NAICS 621498).

Blood and organ banks (NAICS 621991).

All other miscellaneous ambulatory health care services (NAICS 621999).

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*Note: Service categories are based on the North American Industry Classification System (NAICS). SIC: Standard Industrial Classification System.*

## Appendix 2: Sources and Methods for Health Care Services Expenditures

SERVICE	DATA SOURCE	METHODS AND COMMENTS
Hospitals	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Physicians	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Dentists	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Medical Laboratories	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Other Professionals and Miscellaneous Clinics	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Home Health	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Medicinal Drugs	2007 National Health Care Expenditures, U.S. CMS and 1997 and 2002 Economic Census	Ratio of Florida / U.S. sales, drug stores, times national health care expenditures. Beginning with 1999 NHE, "Medicinal Drugs" = "Prescription Drugs" + "Other Non-Durable Medical Products."
Durable Medical Equipment	2007 National Health Care Expenditures, U.S. CMS and 1997 and 2002 Economic Census	Ratio of Florida / U.S. sales, optical goods stores, times national health care expenditures.
Nursing Homes	2002 Economic Census of the U.S. and Florida Agency for Workforce Innovation (1992-2007)	Wage adjusted* revenue in 2002 times ratio: estimated year payroll expenditures divided by 2002 payroll expenditures.
Specialized Government and Other Services	2007 National Health Care Expenditures, U.S. CMS	Ratio of Florida / U.S. population times national health care expenditures.

\*Total 2002 receipts/revenue reported by the U.S. Census times the ratio of total 2002 annual wages reported by the Bureau of Labor Market Information and the annual payroll reported in the 2002 Economic Census of the U.S. for each respective health service category.

## **Appendix 3: Health Care Payer Description**

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### **Total Personal Health Care Expenditures**

Payer expenditures equal the total of health services expenditures in Florida.

### **Medicare**

Medicare is a federal health insurance program for persons 65 years and older and certain persons with disabilities. Expenditures to Florida health care providers as reported in the Consolidated Federal Funds Report, U.S. Census Bureau, including HMO expenditures.

### **Medicare-Medicaid Crossover**

Medicaid payments to Medicare as reported by AHCA. These payments are *deducted* from total Medicare spending.

### **Medicaid**

Medicaid is a state and federal program that provides funds for health care services needed by low-income individuals and families. Expenditures include payments to HMOs and to the Medicaid State Children's Health Insurance Program (SCHIP) Expansion-Title XIX.

### **Other Government Funding**

Includes veteran benefits, military health programs, and workers' compensation. Includes spending for state and local assistance programs, state and local hospital subsidies, the State Children's Health Insurance Program (SCHIP) - Title XXI, the maternal and child health programs, and other programs providing personal health care.

Estimated from national data adjusted for Florida Medicare and Medicaid expenditures.

### **Private Insurance**

Includes commercial group and individual insurance, commercial health maintenance organization coverage, and self-insured employer plans. Includes the health insurance coverage of government employees. Includes Florida KidCare program.

Estimated from national data adjusted for Florida Medicare and Medicaid expenditures.

### **Other Private**

Expenditures include donations, investments, revenues from gift shops, and other miscellaneous sources.

Estimated from national data adjusted for Florida Medicare and Medicaid expenditures.

### **Out-of-Pocket**

Expenditures by consumers to health care providers. Excludes spending on health insurance premiums. Excludes patient payments to providers subsequently reimbursed by insurers. Includes deductibles and coinsurance.

Estimated from national data adjusted for Florida Medicare and Medicaid expenditures.



## Appendix 4:

### Sources and Methods for Health Care Payer Expenditures

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SERVICE	DATA SOURCE	METHODS AND COMMENTS
Medicaid	AHCA	Total reported expenditures adjusted to calendar year. Includes SCHIP Expansion (Title XIX).
Medicare	National Health Expenditures, U.S. Centers for Medicare & Medicaid Services	Total U.S. Medicare expenditures in 2007, times ratio: Florida/U.S. Medicare expenditures in 2004. Excludes Medicaid supplemental medical insurance expenditures.
Other Public Funds	National Health Expenditures, U.S. Centers for Medicare & Medicaid Services	Florida health services expenditures allocated by ratio of U.S. other public fund expenditures to total personal health care expenditures, adjusted for reported Medicare and Medicaid expenditures in Florida. Includes SCHIP (Title XXI).
Private Insurance	National Health Expenditures, U.S. Centers for Medicare & Medicaid Services	Florida health services expenditures allocated by ratio of U.S. private insurance expenditures to total personal health care expenditures, adjusted for reported Medicare and Medicaid expenditures in Florida.
Out-of-Pocket	National Health Expenditures, U.S. Centers for Medicare & Medicaid Services	Florida health services expenditures allocated by ratio of U.S. out-of-pocket expenditures to total personal health care expenditures, adjusted for reported Medicare and Medicaid expenditures in Florida.
Other Private Sources	National Health Expenditures, U.S. Centers for Medicare & Medicaid Services	Florida health services expenditures allocated by ratio of U.S. other private sources expenditures to total personal health care expenditures, adjusted for reported Medicare and Medicaid expenditures in Florida.

## Appendix 5: Health Care Inflation, 1992-2007

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Year	Florida <sup>1</sup>		GDP <sup>2</sup>	
	Expenditures	% Change	Index	% Change
1992	47,008		86.40	
1993	49,583	5.5%	88.39	2.3%
1994	52,795	6.5%	90.27	2.1%
1995	56,947	7.9%	92.12	2.0%
1996	60,159	5.6%	93.86	1.9%
1997	63,009	4.7%	95.42	1.7%
1998	66,502	5.5%	96.48	1.1%
1999	69,033	3.8%	97.87	1.4%
2000	73,603	6.6%	100.00	2.2%
2001	80,056	8.8%	102.40	2.4%
2002	85,579	6.9%	104.19	1.7%
2003	92,045	7.6%	106.41	2.1%
2004	98,696	7.2%	109.46	2.9%
2005	104,498	5.9%	113.04	3.3%
2006	112,291	7.5%	116.68	3.2%
2007	119,687	6.6%	119.82	2.7%

Notes:

<sup>1</sup> Florida Health Care Expenditures; Source: AHCA

<sup>2</sup> Gross Domestic Product Price Index;

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

## Appendix 6: Florida Health Care Expenditures by Service, 1992-2007

<b>Health Care Expenditures by Service</b>								
<b>Health Services</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Hospitals	\$18,573	\$19,348	\$20,350	\$21,471	\$22,202	\$22,950	\$24,117	\$24,574
Physicians	12,516	12,761	13,252	14,599	15,210	15,739	16,444	16,986
Dentists	2,025	2,173	2,319	2,490	2,708	2,870	3,066	3,238
Medical Laboratories	1,100	1,159	1,227	1,256	1,332	1,324	1,386	1,651
Other Professionals	2,830	3,204	3,580	3,759	4,139	4,472	4,632	4,328
Home Health	1,489	1,805	2,083	2,255	2,289	2,262	2,192	2,074
Medicinal Drugs	4,641	4,907	5,169	5,660	6,228	6,979	7,740	8,911
Durable Medical Equipment	972	1,042	1,099	1,179	1,284	1,353	1,403	1,424
Nursing Homes	2,138	2,317	2,644	3,024	3,342	3,496	3,821	3,927
Specialized Government	724	866	1,072	1,255	1,425	1,565	1,701	1,921
<b>TOTAL</b>	<b>47,008</b>	<b>49,583</b>	<b>52,795</b>	<b>56,947</b>	<b>60,159</b>	<b>63,009</b>	<b>66,502</b>	<b>69,033</b>

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

Source: AHCA

<b>Percent Change, Health Care Expenditures by Service</b>							
<b>Health Services</b>	<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
Hospitals	4.2%	5.2%	5.5%	3.4%	3.4%	5.1%	1.9%
Physicians	2.0%	3.8%	10.2%	4.2%	3.5%	4.5%	3.3%
Dentists	7.3%	6.7%	7.4%	8.7%	6.0%	6.8%	5.6%
Medical Laboratories	5.3%	5.8%	2.4%	6.1%	-0.7%	4.7%	19.1%
Other Professionals	13.2%	11.7%	5.0%	10.1%	8.0%	3.6%	-6.6%
Home Health	21.2%	15.4%	8.3%	1.5%	-1.2%	-3.1%	-5.4%
Medicinal Drugs	5.7%	5.3%	9.5%	10.0%	12.1%	10.9%	15.1%
Durable Medical Equipment	7.1%	5.5%	7.3%	8.9%	5.3%	3.7%	1.5%
Nursing Homes	8.4%	14.1%	14.4%	10.5%	4.6%	9.3%	2.8%
Specialized Government	19.7%	23.8%	17.0%	13.6%	9.8%	8.7%	12.9%
<b>TOTAL</b>	<b>5.5%</b>	<b>6.5%</b>	<b>7.9%</b>	<b>5.6%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>3.8%</b>

*Note: Percent change values may differ due to rounding of reported expenditures values.*

Source: AHCA

## Appendix 6 (continued): Florida Health Care Expenditures by Service, 1992-2007

Health Care Expenditures by Service								
Health Services	2000	2001	2002	2003	2004	2005	2006	2007
Hospitals	\$25,375	\$27,434	\$28,957	\$31,257	\$33,414	\$34,910	\$37,085	\$39,660
Physicians	18,216	19,829	20,630	21,968	23,672	25,287	27,106	28,835
Dentists	3,528	3,761	3,986	4,270	4,558	4,836	5,144	5,470
Medical Laboratories	2,030	2,309	2,448	2,602	2,799	2,901	3,314	3,641
Other Professionals	4,383	4,652	4,782	4,997	5,284	6,013	6,426	6,724
Home Health	2,320	2,476	2,730	2,927	3,357	3,654	4,093	4,384
Medicinal Drugs	10,000	11,190	12,452	13,657	14,668	15,475	16,699	17,536
Durable Medical Equipment	1,450	1,474	1,513	1,630	1,658	1,728	1,763	1,778
Nursing Homes	4,193	4,528	5,397	5,795	6,135	6,285	6,885	7,550
Specialized Government	2,109	2,403	2,684	2,942	3,150	3,408	3,776	4,109
<b>TOTAL</b>	<b>73,603</b>	<b>80,056</b>	<b>85,579</b>	<b>92,045</b>	<b>98,696</b>	<b>104,498</b>	<b>112,291</b>	<b>119,687</b>

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

Source: AHCA

Percent Change, Health Care Expenditures by Service								
Health Services	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Hospitals	3.3%	8.1%	5.6%	7.9%	6.9%	4.5%	6.2%	6.9%
Physicians	7.2%	8.9%	4.0%	6.5%	7.8%	6.8%	7.2%	6.4%
Dentists	9.0%	6.6%	6.0%	7.1%	6.7%	6.1%	6.4%	6.3%
Medical Laboratories	22.9%	13.8%	6.0%	6.3%	7.6%	3.7%	14.2%	9.9%
Other Professionals	1.3%	6.1%	2.8%	4.5%	5.7%	13.8%	6.9%	4.6%
Home Health	11.8%	6.7%	10.3%	7.2%	14.7%	8.8%	12.0%	7.1%
Medicinal Drugs	12.2%	11.9%	11.3%	9.7%	7.4%	5.5%	7.9%	5.0%
Durable Medical Equipment	1.8%	1.7%	2.6%	7.8%	1.7%	4.2%	2.0%	0.9%
Nursing Homes	6.8%	8.0%	19.2%	7.4%	5.9%	2.4%	9.6%	9.7%
Specialized Government	9.8%	13.9%	11.7%	9.6%	7.1%	8.2%	10.8%	8.8%
<b>TOTAL</b>	<b>6.6%</b>	<b>8.8%</b>	<b>6.9%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>5.9%</b>	<b>7.5%</b>	<b>6.6%</b>

*Note: Percent change values may differ due to rounding of reported expenditures values.*

Source: AHCA

## Appendix 7: Florida Health Care Expenditures by Payer, 1992-2007

Health Care Expenditures by Payer								
Health Care Payer	1992	1993	1994	1995	1996	1997	1998	1999
Medicaid	\$4,419	\$5,092	\$5,631	\$6,035	\$6,210	\$6,446	\$6,779	\$7,355
Medicare	10,427	11,755	13,490	14,700	15,787	16,534	16,135	16,518
Other Public Funds	4,431	4,490	4,597	4,676	4,726	4,720	4,994	5,108
Private Insurance	15,979	16,498	17,328	18,952	20,144	21,159	23,116	24,270
Out-of-Pocket	9,406	9,298	9,178	9,665	10,131	10,734	11,763	12,020
Other Private Sources	2,346	2,450	2,570	2,920	3,159	3,416	3,715	3,763
<b>TOTAL PERSONAL HEALTH CARE</b>	<b>47,008</b>	<b>49,583</b>	<b>52,795</b>	<b>56,947</b>	<b>60,159</b>	<b>63,009</b>	<b>66,502</b>	<b>69,033</b>

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

Source: AHCA

Percent Change, Health Care Expenditures by Payer							
Health Care Payer	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Medicaid	15.2%	10.6%	7.2%	2.9%	3.8%	5.2%	8.5%
Medicare	12.7%	14.8%	9.0%	7.4%	4.7%	-2.4%	2.4%
Other Public Funds	1.3%	2.4%	1.7%	1.1%	-0.1%	5.8%	2.3%
Private Insurance	3.3%	5.0%	9.4%	6.3%	5.0%	9.3%	5.0%
Out-of-Pocket	-1.2%	-1.3%	5.3%	4.8%	6.0%	9.6%	2.2%
Other Private Sources	4.4%	4.9%	13.6%	8.2%	8.1%	8.8%	1.3%
<b>TOTAL PERSONAL HEALTH CARE</b>	<b>5.5%</b>	<b>6.5%</b>	<b>7.9%</b>	<b>5.6%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>3.8%</b>

*Note: Percent change values may differ due to rounding of reported expenditures values.*

Source: AHCA

## Appendix 7 (continued): Florida Health Care Expenditures by Payer, 1992-2007

Health Care Expenditures by Payer								
Health Care Payer	2000	2001	2002	2003	2004	2005	2006	2007
Medicaid	\$8,332	\$9,560	\$10,828	\$12,243	\$13,470	\$14,207	\$13,897	\$14,586
Medicare	17,452	19,254	20,770	22,415	\$24,979	\$27,116	\$31,704	\$33,921
Other Public Funds	5,403	6,011	6,375	6,929	\$7,251	\$7,443	\$7,839	\$8,270
Private Insurance	26,188	28,621	30,543	32,489	\$34,527	\$36,482	\$38,835	\$41,645
Out-of-Pocket	12,524	12,948	13,372	13,994	\$14,466	\$15,044	\$15,523	\$16,440
Other Private Sources	3,703	3,662	3,689	3,975	\$4,003	\$4,206	\$4,492	\$4,824
<b>TOTAL PERSONAL HEALTH CARE</b>	<b>73,603</b>	<b>80,056</b>	<b>85,579</b>	<b>92,045</b>	<b>\$98,696</b>	<b>\$104,498</b>	<b>\$112,291</b>	<b>\$119,687</b>

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

Source: AHCA

Percent Change, Health Care Expenditures by Payer								
Health Care Payer	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Medicaid	13.3%	14.7%	13.3%	13.1%	10.0%	5.5%	-2.2%	5.0%
Medicare	5.7%	10.3%	7.9%	7.9%	11.4%	8.6%	16.9%	7.0%
Other Public Funds	5.8%	11.2%	6.1%	8.7%	4.6%	2.7%	5.3%	5.5%
Private Insurance	7.9%	9.3%	6.7%	6.4%	6.3%	5.7%	6.4%	7.2%
Out-of-Pocket	4.2%	3.4%	3.3%	4.7%	3.4%	4.0%	3.2%	5.9%
Other Private Sources	-1.6%	-1.1%	0.8%	7.7%	0.7%	5.1%	6.8%	7.4%
<b>TOTAL PERSONAL HEALTH CARE</b>	<b>6.6%</b>	<b>8.8%</b>	<b>6.9%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>5.9%</b>	<b>7.5%</b>	<b>6.6%</b>

*Note: Percent change values may differ due to rounding of reported expenditures values.*

Source: AHCA

## Appendix 8: Florida HMO Expenditures and Premium Revenue, 1992-2007

### Total HMO Expenditures

	1992	1993	1994	1995	1996	1997	1998	1999
Total Expenditures	\$2,835	\$3,398	\$4,095	\$5,306	\$6,391	\$7,640	\$9,125	\$10,275
Percent Change		19.9%	20.5%	29.6%	20.4%	19.6%	19.4%	12.6%

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

*Percent change values may differ due to rounding of reported expenditures values.*

Source: Florida Department of Financial Services

### HMO Premium Revenue and Percentage Change

Revenue Source	1992	1993	1994	1995	1996	1997	1998	1999
Commercial	\$1,972	\$2,207	\$2,605	\$3,245	\$3,824	\$4,338	\$5,114	\$5,751
Percent Change		11.9%	18.1%	24.5%	17.9%	13.4%	17.9%	12.4%
Medicare	1,192	1,562	1,810	2,269	2,973	3,808	4,569	4,901
Percent Change		31.0%	15.9%	25.3%	31.0%	28.1%	20.0%	7.3%
Medicaid	191	399	576	719	542	572	640	716
Percent Change		108.4%	44.4%	24.8%	-24.6%	5.5%	11.9%	11.9%
Total	3,355	4,168	4,992	6,233	7,339	8,718	10,323	11,368
Percent Change		24.2%	19.8%	24.9%	17.8%	18.8%	18.4%	10.1%

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

*Percent change values may differ due to rounding of reported revenue values.*

Source: Florida Department of Financial Services

## Appendix 8 (continued): Florida HMO Expenditures and Premium Revenue, 1992-2007

	Total HMO Expenditures							
	2000	2001	2002	2003	2004	2005	2006	2007
Total Expenditures	\$10,346	\$11,484	\$11,259	\$11,279	\$11,674	\$12,316	\$13,425	\$14,008
Percent Change	0.7%	11.0%	-2.0%	0.2%	3.5%	5.5%	9.0%	4.3%

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

*Percent change values may differ due to rounding of reported expenditures values.*

Source: Florida Department of Financial Services

	HMO Premium Revenue and Percentage Change							
Revenue Source	2000	2001	2002	2003	2004	2005	2006	2007
Commercial	\$6,182	\$6,812	\$7,399	\$8,074	\$8,177	\$7,776	\$7,515	\$7,048
Percent Change	7.5%	10.2%	8.6%	9.1%	1.3%	-4.9%	-3.4%	-6.2%
Medicare	4,876	4,942	4,424	4,352	4,813	5,628	6,746	7,682
Percent Change	-0.5%	1.4%	-10.5%	-1.6%	10.6%	16.9%	19.9%	13.9%
Medicaid	830	968	1,154	1,213	1,465	1,724	1,800	1,962
Percent Change	15.9%	16.6%	19.3%	5.1%	20.8%	17.6%	4.4%	9.0%
Total	11,887	12,721	12,978	13,639	14,456	15,128	16,061	16,691
Percent Change	4.6%	7.0%	2.0%	5.1%	6.0%	4.7%	6.2%	3.9%

*Note: Figures in \$ millions. Numbers may not add to totals due to rounding.*

*Percent change values may differ due to rounding of reported revenue values.*

Source: Florida Department of Financial Services



**Appendix 9:**  
**Florida HMO Enrollment, Premiums and Premiums per Enrollee**  
**By Payer, 2002-2007**

<b>Commercial Insurance</b>						
	2002	2003	2004	2005	2006	2007
Enrollment	3,178,263	3,005,760	2,801,868	2,467,263	2,265,448	2,019,514
Percent Change	-9.9%	-5.4%	-6.8%	-11.9%	-8.2%	-10.9%
Premiums (\$millions)	\$7,399	\$8,074	\$8,177	\$7,776	\$7,515	\$7,048
Percent Change	8.6%	9.1%	1.3%	-4.9%	-3.4%	-6.2%
Premiums /Enrollee	\$2,328	\$2,686	\$2,919	\$3,152	\$3,317	\$3,490
Percent Change	20.5%	15.4%	8.6%	8.0%	5.2%	5.2%
<b>Medicare</b>						
	2002	2003	2004	2005	2006	2007
Enrollment	574,622	548,478	550,502	590,143	677,766	661,355
Percent Change	-14.0%	-4.5%	0.4%	7.2%	14.8%	-2.4%
Premiums (\$millions)	\$4,424	\$4,352	\$4,813	\$5,628	\$6,746	\$7,682
Percent Change	-10.5%	-1.6%	10.6%	16.9%	19.9%	13.9%
Premiums /Enrollee	\$7,700	\$7,935	\$8,743	\$9,537	\$9,953	\$11,616
Percent Change	4.1%	3.1%	10.2%	9.1%	4.4%	16.7%
<b>Medicaid</b>						
	2002	2003	2004	2005	2006	2007
Enrollment	654,985	694,273	737,519	786,410	784,677	754,181
Percent Change	16.4%	6.0%	6.2%	6.6%	-0.2%	-3.9%
Premiums (\$millions)	\$1,154	\$1,213	\$1,465	\$1,724	\$1,800	\$1,962
Percent Change	19.2%	5.1%	20.8%	17.6%	4.4%	9.0%
Premiums /Enrollee	\$1,762	\$1,747	\$1,987	\$2,192	\$2,294	\$2,601
Percent Change	2.5%	-0.8%	13.7%	10.3%	4.7%	13.4%
<b>All Payers</b>						
	2002	2003	2004	2005	2006	2007
Enrollment	4,407,869	4,248,511	4,089,889	3,843,816	3,727,892	3,435,050
Percent Change	-7.3%	-3.6%	-3.7%	-6.0%	-3.0%	-7.9%
Premiums (\$millions)	\$12,978	\$13,639	\$14,456	\$15,128	\$16,061	\$16,691
Percent Change	2.0%	5.1%	6.0%	4.7%	6.2%	3.9%
Premiums /Enrollee	\$2,944	\$3,210	\$3,535	\$3,936	\$4,308	\$4,859
Percent Change	10.1%	9.0%	10.1%	11.3%	9.5%	12.8%

Source: Office of Insurance Regulation, Department of Financial Services