

# Deceleration in Annual Growth Rates for All Nine Indices in June 2012 According to the S&P Healthcare Economic Indices

PR Newswire  
NEW YORK

NEW YORK, Aug. 16, 2012 /[PRNewswire](#)/ -- Data released today by S&P Dow Jones Indices for the S&P Healthcare Economic Composite Index indicates that the average per capita cost of healthcare services covered by commercial insurance and Medicare programs increased by 5.78% over the 12-months ending June 2012. This is a deceleration from the +6.06% annual growth rate recorded in May 2012 and +6.11% rate in April 2012.

As measured by the S&P Healthcare Economic Commercial Index, healthcare costs covered by commercial insurance plans increased by 8.09% over the year ending June 2012, down from the +8.40% reported for May 2012. Annual growth rates in Medicare claim costs rose by 2.27%, according to the S&P Healthcare Economic Medicare Index, down from the +2.50% recorded in May 2012. The Professional Services Index annual growth rate was +6.07% in June 2012, down from the +6.28% May 2012 print. The Hospital Index's growth rate fell to +5.22% in June from its +5.56% annual rate in May.

In June 2012, the Professional Services Medicare Index was up 2.41%, its lowest annual rate since October 2009 and down from May 2012's +2.85%. The Hospital Medicare annual growth rate in June was +1.96%, compared to its +2.04% rate in May. The Professional Services Commercial Index decelerated to +7.94% in June, from +8.03% in May; and the Hospital Commercial Index's annual growth rate decelerated to +7.81% in June from the +8.39% posted for May.

"The past two months have generally been marked by a deceleration in the annual rate of change in health care costs. In June 2012, all nine of our Healthcare Indices' annual growth rates decelerated from their May 2012 rates," says David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices. "In May, six of the nine indices we publish also saw a deceleration in their annual growth rates from April. In June, the Composite Index posted an annual rate of +5.78%, the Commercial Index +8.09% and the Medicare Index +2.27%. These rates were all down from their respective April and May 2012 levels.

"The Professional Services Medicare Index was up 2.41%, its lowest annual rate since October 2009 when it was at +2.26%. At +7.81%, the Hospital Commercial Index posted the steepest deceleration, down 0.58 percentage points from its +8.39% May 2012 annual growth rate.

"Once again we saw the commercial indices move together, proving that May's divergence was a bit of an anomaly. Commercial insurance costs in June decelerated both for those using professional services and for those being treated in hospitals.

"Since the beginning of the year, we have seen some volatility in the annual rates of change in healthcare costs, but the one consistent feature that stands out is the gap between the growths in costs covered by commercial versus Medicare plans. As of June 2012 their annual growth rates differ by more than 5.8 percentage points"

The S&P Healthcare Economic Indices estimate the per capita change in revenues accrued each month by hospital and professional services facilities for services provided to patients covered under traditional Medicare and commercial health insurance programs in the U.S. The annual growth rates are determined by calculating a percent change of the 12-month moving averages of the monthly index levels versus the same month of the prior year.

The S&P Healthcare Economic Composite Index is a weighted average of the S&P Healthcare Economic Commercial Index and the S&P Healthcare Economic Medicare Index. Alternatively, it is a weighted average of the S&P Healthcare Economic Hospital Index and the S&P Healthcare Economic Professional Services Index, as each of these indices has the analogous Commercial and Medicare component.

The table below summarizes the year-over-year change in the S&P Healthcare Economic Indices for the 12-month period ending June 2012. With each monthly release, the index levels, including the 12-month moving averages, are recalculated for the full history of the indices, whenever there are revisions to underlying data used in the models. The entire revised history, as well as full results for the underlying S&P Healthcare Economic Indices, is available from S&P Dow Jones Indices as a subscription service.

**S&P Healthcare Economic Indices  
(12-Month Moving Average)**

Index	1-Year Change (%)
S&P Healthcare Economic Composite Index	5.78%
S&P Healthcare Economic Medicare Index	2.27%
S&P Healthcare Economic Commercial Index	8.09%
S&P Healthcare Economic Hospital Index	5.22%
S&P Healthcare Economic Hospital Medicare Index	1.96%
S&P Healthcare Economic Hospital Commercial Index	7.81%
S&P Healthcare Economic Professional Services Index	6.07%
S&P Healthcare Economic Professional Services Medicare Index	2.41%
S&P Healthcare Economic Professional Services Commercial Index	7.94%

Source: S&P Dow Jones Indices

Data through June 2012

The chart below depicts the 12-month moving average for the Composite, Commercial and Medicare Indices. As observed in the past, medical costs funded by commercial insurance plans significantly exceed those funded by Medicare.

The S&P Healthcare Economic Indices were developed in consultation with Health Index Advisors, a joint venture between Aon Hewitt and Milliman, Inc., and were derived from the former Milliman, Inc. Health Cost Index™ which was first published in 1987. The complete methodology, fact sheet and supporting research for the S&P Healthcare Economic Indices are available at <http://www.spindices.com/index-family/specialty/healthcare-cost>

## About S&P Dow Jones Indices

**S&P Dow Jones Indices LLC**, a subsidiary of The McGraw-Hill Companies is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average(SM), S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of institutional and retail

investors. More assets are invested in products based upon our indices than any other provider in the world. With over 830,000 indices covering a wide range of assets classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets. To learn more about our company, please visit [www.spdji.com](http://www.spdji.com).

*It is not possible to invest directly in an index. S&P Dow Jones Indices LLC, Dow Jones, and their respective affiliates, parents, subsidiaries, directors, officers, shareholders, employees and agents (collectively "S&P Dow Jones Indices") does not sponsor, endorse, sell, or promote any investment fund or other vehicle that is offered by third parties and that seeks to provide an investment return based on the returns of any S&P Dow Jones Indices index. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices or its affiliates do not have the necessary licenses. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties.*

STANDARD & POOR'S and S&P are registered trademarks of Standard & Poor's Financial Services LLC. "Dow Jones" is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones").

SOURCE Standard & Poor's

---

<http://press.spglobal.com/2012-08-16-Deceleration-in-Annual-Growth-Rates-for-All-Nine-Indices-in-June-2012-According-to-the-S-P-Healthcare-Economic-Indices>