

US Healthcare Costs' Annual Growth Rates Increased in April 2012 According to the S&P Healthcare Economic Indices

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NEW YORK, June 21, 2012 [/PRNewswire/](#) -- 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 6.14% over the 12-months ending April 2012. This is almost a half a percentage point jump from the +5.65% rate posted for March 2012.

As measured by the S&P Healthcare Economic Commercial Index, healthcare costs covered by commercial insurance plans increased by 8.46% over the year ending April 2012, up from the +7.78% reported for March 2012. Growth rates in Medicare claim costs rose by 2.60%, according to the S&P Healthcare Economic Medicare Index, up from March's +2.42%.

The Professional Services Index annual growth rate also increased from its March 2012 +5.58% rate to April's +6.18%. The Hospital Index annual growth rate increased to +5.81% in April, from its +5.44% March rate.

In April 2012, the Professional Services Medicare Index rose 3.11%, up from March's +3.01%. The Hospital Medicare annual growth rate was also up in April, to +2.04% from its March +1.80% rate. The Professional Services Commercial Index increased to +7.74% in April, from +6.86% in March; and the Hospital Commercial Index accelerated to +8.85% in April from the +8.39% posted for March.

"All Healthcare Economic Indices' annual growth rates increased in April 2012 from what we published for March," says David M. Blitzer, Chairman of the Index Committee at S&P Indices. "There is a clear upward trend across all annual growth rates, which began around October 2011 and we have now reached close to the top of the range of price changes established over the last few years. The April increase in the Composite's annual growth rate was largely driven by a substantial jump in commercial plans.

"While we saw acceleration in all types of health cost growth rates in April, those funded by commercial insurance plans increased at a faster pace than their Medicare counterparts. Our headline commercial index showed that costs for those plans increased by 8.46% in April 2012 versus the prior year. This is almost back to the recent high we saw in September 2010. The decelerating trend we saw in late 2010 and early 2011 has ended. We are now witnessing sustained increases in healthcare costs.

"In April, all the nine indices we publish saw increases in their annual growth rates. The Composite Index posted an annual rate of +6.14%, the Commercial Index +8.46% and the Medicare Index +2.60%. These rates were up from their respective March 2012 levels by 0.49, 0.68 and 0.18 percentage points. The Professional Services Index increased 6.18%, up 0.60 percentage points from its March rate. Hospital's +5.81% annual rate was up 0.37 percentage points in April from March.

"The Hospital Medicare Index was up by 0.24 percentage points in April 2012 to a +2.04% annual rate, which is the lowest rate of the nine indices we publish. On the flip side, Professional Services Commercial insurance plans saw the biggest acceleration in April; their annual rate of change was +7.74%, up 0.88 percentage points over March's rate, and up almost 3 percentage points posted only eight months ago, when we saw these costs rising by 4.87% in August 2011."

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 April 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 Indices as a subscription service.

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

Index	1-Year Change (%)
S&P Healthcare Economic Composite Index	6.14%
S&P Healthcare Economic Medicare Index	2.60%
S&P Healthcare Economic Commercial Index	8.46%
S&P Healthcare Economic Hospital Index	5.81%
S&P Healthcare Economic Hospital Medicare Index	2.04%
S&P Healthcare Economic Hospital Commercial Index	8.85%
S&P Healthcare Economic Professional Services Index	6.18%
S&P Healthcare Economic Professional Services Medicare Index	3.11%
S&P Healthcare Economic Professional Services Commercial Index	7.74%

Source: S&P Indices

Data through April 2012

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 www.healthcareindices.standardandpoors.com. A whitepaper introducing the S&P Healthcare Economic Indices has been published by S&P Indices and can be accessed at <http://bit.ly/hhTvLb>.

About S&P Indices

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