

Annual Growth Rates Accelerate for Seven of Nine Indices in July 2012 According to the S&P Healthcare Economic Indices

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NEW YORK, Sept. 20, 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 6.14% over the 12-months ending July 2012. This is an acceleration from the +5.76% annual growth rate recorded in June 2012.

As measured by the S&P Healthcare Economic Commercial Index, healthcare costs covered by commercial insurance plans increased by 8.34% over the year ending July 2012, up from the +8.06% reported for June 2012. Annual growth rates in Medicare claim costs rose by 2.79%, according to the S&P Healthcare Economic Medicare Index, up from the +2.27% recorded in June 2012. The Professional Services Index annual growth rate was +6.95% in July 2012, up from the +6.05% June 2012 print. The Hospital Index's growth rate fell to +5.09% in July from its +5.19% June annual rate.

In July 2012, the Professional Services Medicare Index was up 2.97%, accelerating from its recent low of 2.41% recorded in June. The Hospital Medicare annual growth rate in July was +2.44%, compared to its +1.95% rate in June. The Professional Services Commercial Index accelerated to +8.99% in July, from +7.92% in June; and the Hospital Commercial Index's annual growth rate decelerated to +7.18% in July from the +7.77% posted for June.

"After two prior months of broad based deceleration, we saw the annual growth rates in health care costs largely accelerate in July 2012. Seven of our nine indices' annual growth rates moved up from their June 2012 rates. In June, all nine indices we publish saw their annual growth rates decelerate versus May," says David M. Blitzler, Chairman of the Index Committee at S&P Dow Jones Indices. "In July, the Composite Index posted an annual rate of +6.14%, the Commercial Index +8.34% and the Medicare Index +2.79%. These rates were all above their respective June 2012 rates.

"The growth rate in the Hospital Index was one of the two that decelerated in July. It was +5.09%, down 0.10 percentage points from June's rate. This was driven by a substantial deceleration in the Hospital Commercial Index, which was by 0.59 percentage points in July, with a +7.18% annual growth rate versus June's +7.77%.

"The Professional Services Commercial Index saw the steepest acceleration. Its July +8.99% rate is not only the highest among our indices, but it was up 1.07 percentage points from its +7.92% June 2012 rate. July's rate is now above the post-recession high we had witnessed in May 2010. It is the only one of our nine indices where the growth rate has achieved such a new high.

"The Professional Services Medicare Index was +2.97%, 0.56 percentage points above last month's recent low. The Hospital Medicare was up 2.44%, 0.49 percentage points above its June rate.

"In 2012, we have seen some volatility in the annual rates of change in healthcare costs each month; however, most have accelerated versus their rates at the end of 2011. The largest acceleration was in professional services commercial insurance costs, with July's +8.99% rate about 2.84 percentage points above the 6.15% December rate."

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 July 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	6.14%
S&P Healthcare Economic Medicare Index	2.79%
S&P Healthcare Economic Commercial Index	8.34%
S&P Healthcare Economic Hospital Index	5.09%
S&P Healthcare Economic Hospital Medicare Index	2.44%
S&P Healthcare Economic Hospital Commercial Index	7.18%
S&P Healthcare Economic Professional Services Index	6.95%
S&P Healthcare Economic Professional Services Medicare Index	2.97%
S&P Healthcare Economic Professional Services Commercial Index	8.99%

Source: S&P Dow Jones Indices

Data through July 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 <http://www.spindices.com/index-family/specialty/healthcare-cost>

About S&P Dow Jones Indices

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