

Annual Growth Rates Slowed in March 2013 According to the S&P Healthcare Economic Indices

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NEW YORK, May 16, 2013 /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 3.02% over the 12-months ending March 2013, decelerating from the +3.11% annual growth rate recorded in February. It posted the lowest rate of growth since January 2005.

Seven of the nine S&P Healthcare Economic Indices showed slower annual growth rates for March 2013 compared to February 2013. Annual growth rates for five of the healthcare indices hit their historic lows in March. As measured by the S&P Healthcare Economic Commercial Index, healthcare costs covered by commercial insurance plans rose by 4.46% in March, down from +4.63% reported for February. The Commercial Index rate hit its historic low in March. Annual growth rates in Medicare costs increased by 0.82%, according to the S&P Healthcare Economic Medicare Index, up from +0.78% recorded last month.

The Hospital Index's growth rate hit its historic low of +1.86% in March, down from +1.92% recorded in February. The Hospital Medicare Index posted a +1.89% annual rate in March, up from +1.73% recorded last month. The Hospital Commercial annual growth rate hit its historic low of +1.81% in March; it posted +2.03% in February.

The Professional Services Index annual growth rate was +4.09% in March 2013, down from the +4.20% February print. The Professional Services Commercial Index decelerated to +6.77% in March, down from +6.86% reported in February. The Professional Services Medicare annual growth rate set a new low of -1.01% in March, down from -0.87% posted in February.

"In March 2013 the Composite Index posted +3.02% annual growth rate, the lowest rate in its eight-year history," says David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices. "Seven of the nine headline indices we cover increased less in March than in February.

"Five of the nine healthcare indices hit new lows in March since January 2005. They were the Composite Index, the Commercial Index, the Professional Services Medicare Index, the Hospital Index and the Hospital Commercial Index.

"The Professional Services Medicare Index went deeper into the negative territory, posting annual growth rate of -1.01%, 14 basis points down from the last month. It has the lowest annual growth rate among our healthcare indices.

The Professional Services Commercial Index was +6.77% this month, 9 basis points down from its February rate. It remained the highest index among healthcare indices we cover."

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 March 2013. 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.

Index	1-Year Change (%)
S&P Healthcare Economic Composite Index	3.02%
S&P Healthcare Economic Medicare Index	0.82%
S&P Healthcare Economic Commercial Index	4.46%
S&P Healthcare Economic Hospital Index	1.86%
S&P Healthcare Economic Hospital Medicare Index	1.89%
S&P Healthcare Economic Hospital Commercial Index	1.81%
S&P Healthcare Economic Professional Services Index	4.09%
S&P Healthcare Economic Professional Services Medicare Index	-1.01%
S&P Healthcare Economic Professional Services Commercial Index	6.77%

Source: S&P Dow Jones Indices

Data through March 2013

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

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