Annual Growth Rates Decelerated in May 2013 According to the S&P Healthcare Economic Indices

NEW YORK, July 18, 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 2.96% over the 12-months ending May 2013, decelerating from the +3.19% annual growth rate recorded in April.

All nine S&P Healthcare Economic Indices showed lower annual growth rates forMay 2013 compared to April 2013. As measured by the S&P Healthcare Economic Commercial Index, healthcare costs covered by commercial insurance plans rose by 4.34% in May, down from +4.59% reported in April. Annual growth rates in Medicare costs increased by 0.85% in May, according to the S&P Healthcare Economic Medicare Index, down from a +1.07% rate recorded last month.

The Professional Services Index annual growth rate was +3.85% in May, down from the +4.26% April value. The Professional Services Commercial Index decelerated to +6.55% in May, down from +6.92% reported last month. The Professional Services Medicare annual growth rate hit a new low of -1.27% in May, down from -0.80% recorded in April.

The Hospital Index's growth rate posted +1.97% in May, down from +2.05% reported in April. The Hospital Medicare Index recorded a +2.09% annual rate in May, down from +2.15% posted last month. The Hospital Commercial annual growth rate hit a new low of +1.85% in May, down from +1.94% recorded last month.

"The annual growth rates for all S&P Healthcare Indices decelerated in May," saysDavid M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices. "The annual growth rate for the Composite Index was +2.96%, for the Commercial Index was +4.34%, and for the Medicare Index was +0.85%.

"Four of the nine headline indices' annual rates hit new lows in May. They were the Composite Index, the Commercial Index, the Professional Services Medicare Index, and the Hospital Commercial Index. In addition, the Professional Services Index growth rate hit its recent low in May.

"The Professional Services Medicare Index annual growth rate moved further into negative territory hitting a new low of -1.27% in May, 47 basis points down from last month. It has the lowest annual growth rate among our healthcare indices. The Professional Services Commercial Index posted a +6.55% rate in May, 37 basis points down from its April rate. It remained the highest among the 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 May 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.

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

Index	**1-Year Change (%)**
S&P Healthcare Economic Composite Index	2.96%
S&P Healthcare Economic Medicare Index	0.85%

S&P Healthcare Economic Commercial Index	4.34%
S&P Healthcare Economic Hospital Index	1.97%
S&P Healthcare Economic Hospital Medicare Index	2.09%
S&P Healthcare Economic Hospital Commercial Index	1.85%
S&P Healthcare Economic Professional Services Index	3.85%
S&P Healthcare Economic Professional Services Medicare Index	-1.27%
S&P Healthcare Economic Professional Services Commercial Index	6.55%

Source: S&P Dow Jones Indices
Data through May 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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