



Bills of Health: What's Driving Medical Service Costs in Utah?

IN 2016, UTAH FOUNDATION'S PRIORITIES PROJECT found that citizens were more concerned about health care costs than any other issue. The lively debate over health care costs during the past decade has focused primarily on the implications of national policy. However, states have unique health care landscapes, needs and opportunities.

In Part 1 of the Utah Health Cost Series, Utah Foundation addresses total spending on health care services in the state, including all payments to Utah health care providers from individuals, government and insurers. The report analyzes spending by considering Utah's health-cost profile, existing provider prices and utilization of medical services.

In subsequent reports, Utah Foundation will examine the costs associated with health insurance and Medicaid spending in Utah.



KEY FINDINGS OF THIS REPORT

- Utahns spend less per capita on health care than the people of any other state in the U.S.
- Utah joins other low-cost states in exhibiting low-cost indicators such as low Medicare and Medicaid enrollments, a low number of hospital beds, and a high uninsured rate.
- Utah's low spending is due in part to certain demographic characteristics and health behaviors.
- Utah has the shortest average length of hospital stay in the country.
- While overall health care spending is growing rapidly in Utah, much of this growth is attributable to population growth.
- Two categories of care – hospital services and physician and clinical services – together account for nearly two-thirds of health expenditures.
- Hospital rates for the same service vary significantly – in some cases, by up to three times.
- Among the main drivers of provider cost increases are: the high cost of new medical devices and pharmaceuticals; overtreatment; consolidation among health care providers; and increasing administrative complexity.
- Increases in the rates for health services, rather than increases in usage of services, are the main driver of per capita medical care cost inflation.
- While an aging population is a cost driver, it may not be as significant a factor as some perceive.

For more information on this report or to arrange an interview with Utah Foundation President Peter Reichard, please contact Dan Bammes, Communications Director, at 801-355-1400 or dan@utahfoundation.org.

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