

Health Care Spending, Prices, and Utilization in Minnesota: 2019 to 2023

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Key Findings

- Increasing prices were the most influential driver of overall commercial health care spending growth from 2019 to 2023, despite COVID-19 related disruptions to patterns of prices and utilization.
- Overall, per-person health care spending for commercially insured Minnesotans ages 64 and younger grew by 15.0% from 2019 to 2023, despite a 3.5% decline from 2019 to 2020.
- COVID-19 related disruptions to health care service delivery and service mix affected spending, prices, and utilization from 2020 through 2022. By 2023, the impacts of these disruptions had largely dissipated.
- Professional service payments to doctors and other providers were the largest component of health care spending. The inpatient share decreased over the study period, while the retail prescription drug share increased.
- From 2019 to 2023, retail prescription drug spending increased considerably, driven by consistently and substantially increasing prices while utilization remained flat. Inpatient spending remained flat, with a substantial decrease in utilization counterbalanced by an increase in prices. Outpatient and professional spending increased slightly due to increasing prices while utilization remained relatively flat.

Background

Spending on medical care and retail prescription drugs continues to grow in the United States, with total health expenditures reaching \$4.9 trillion nationally in 2023.¹ In Minnesota, total health care spending reached \$69.2 billion in 2023.²

This issue brief uses data from the Minnesota All Payer Claims Database (MN APCD) to examine trends in per-person health care spending, prices, and utilization for commercially insured Minnesotans from 2019 through 2023.^{3,4} Per-person health care spending (spending) is the

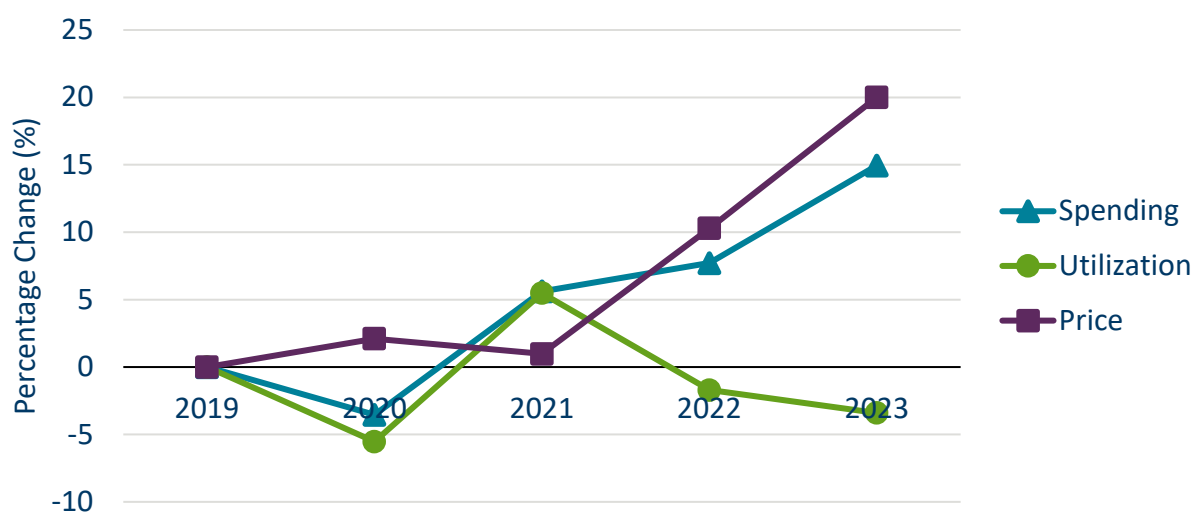
product of two main factors, the average per-person volume of health care used (utilization) and the average price of each procedure, visit, drug, or other service (prices).⁵

This brief uses research methods developed by the Health Care Cost Institute (HCCI) to produce population-based estimates of spending, prices, and utilization for medical care and retail prescription drugs.⁶ Details on these methods are available from the Health Care Cost Institute.^{7,8} In line with the HCCI approach, this issue brief presents estimates of health care spending among Minnesotans, ages 64 and younger, who have commercial health insurance through an employer or purchase health insurance on their own, including through Minnesota's health insurance exchange, MNsure. Focusing on those with commercial coverage is important not only because this group represents a majority of the Minnesota population, but also because health care prices tend to be higher and more variable for this group.^{9,10,11}

Results

Annual estimated per-person health care spending grew 15.0% from 2019 to 2023 (Figure 1, See Supplemental Exhibit S-1 for additional detail). Spending decreased from \$6,224 in 2019 to \$6,003 in 2020 (a decrease of 3.5%). Spending then increased from 2020 to \$6,574 in 2021 (9.5%), \$6,704 in 2022 (2.0%), and \$7,154 in 2023 (6.7%) (Supplemental Exhibits S-2, S-3, and S-9).

Figure 1: Cumulative Growth in Health Care Spending, Prices, and Utilization, 2019 to 2023



Source: Health Economics Program analysis of data from the Minnesota All Payer Claims Database, Extract 27.

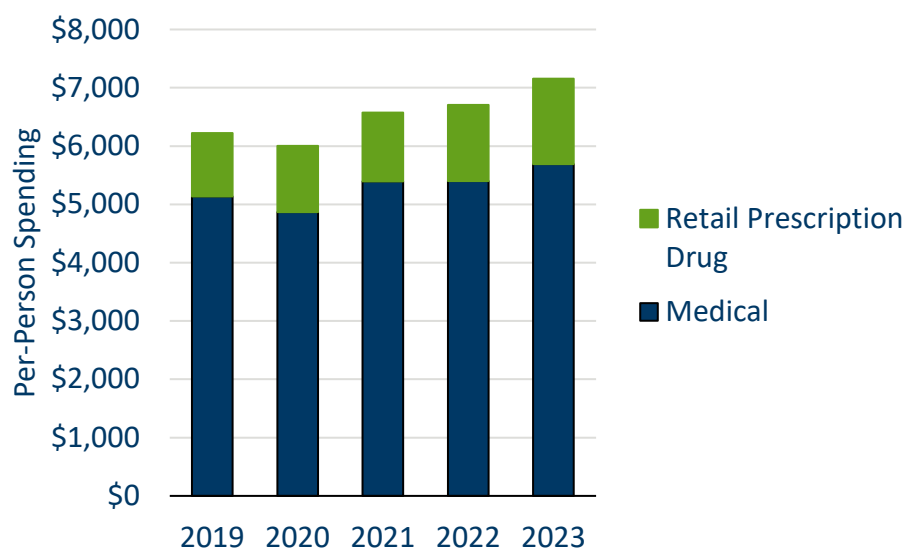
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From 2019 to 2020, prices increased (by 2.1%), but utilization declined (-5.5%), largely due to COVID-19-related disruptions to health care delivery¹² (Supplemental Exhibits S-2 and S-3). While utilization rebounded from 2020 to 2021, increasing by 11.6%, prices decreased slightly (by 1.2%). An influx of new COVID-19-related services, primarily tests and vaccinations, impacted the mix of services delivered from 2020 through 2023. The high volume and relatively low average price of these services are in part responsible for the increase in utilization and decrease in prices seen from 2020 to 2021 (Supplemental Exhibits S-4 and S-5).¹³ As the volume of these services waned from 2021 to 2022, earlier patterns of utilization and prices returned, with prices increasing by 9.6% and utilization decreasing by 7.0%. From 2022 to 2023, utilization remained relatively flat (decrease of 1.7%) while prices continued to rise (by 8.6%).

Rising prices for health care strongly influenced spending across the study period. Across the full study period of 2019 to 2023, prices grew by 20.0%, while utilization decreased by 3.4% (Figure 1, Supplemental Exhibit S-1). This price growth for health care was slightly higher than the change in the Consumer Price Index for All Urban Consumers in the Midwest Region (CPI-U, Midwest), a regional measure of overall inflation, which increased 18.9% from 2019 to 2023.¹⁴

Medical spending represented the majority of per-person annual health care spending in each year from 2019 to 2023. In 2023, \$5,689 of spending was associated with medical care, with retail prescription drug spending contributing the remaining \$1,465 (Figure 2, Supplemental Exhibits S-8 and S-9).¹⁵ Though spending, prices, and utilization for the inpatient, outpatient, and professional services categories of medical spending were affected in different ways by the COVID-19 pandemic and subsequent public health response, retail prescription drug prices and spending increased consistently in each year from 2019 to 2023. (Supplemental Exhibits S-9 through S-13).

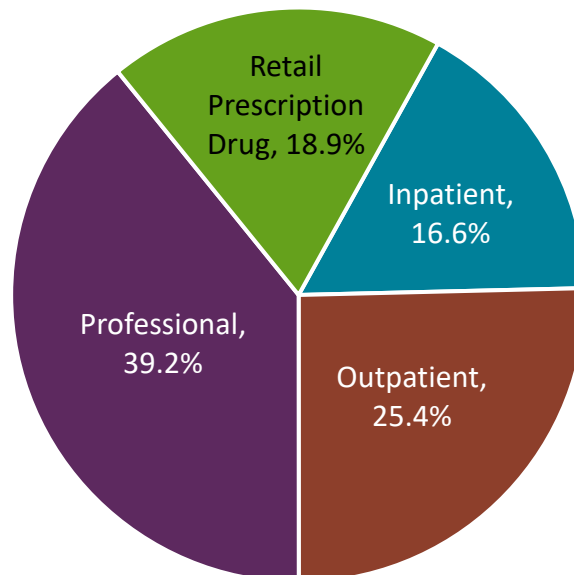
Figure 2: Per-Person Spending by Category, 2019 to 2023



Source: Health Economics Program analysis of data from the Minnesota All Payer Claims Database, Extract 27.

Professional service fees contributed the largest proportion of per-person health care spending during the full five-year analysis period (2019 to 2023), or 39.2% (Figure 3). These types of payments reimburse providers for services such as office visits and consultations, including fees charged by providers who are working in hospitals (e.g., surgeons, anesthesiologists, therapists). The outpatient and inpatient categories both represent facility fees charged by institutions. Inpatient facility fees accounted for 16.6% of health care spending and outpatient facility fees accounted for 25.4% of health care spending. These categories are comprised predominantly of care delivered by hospitals, but also include care provided by nursing homes, surgical centers, and specialty care clinics. These fees are intended to cover administrative and operational expenses.^{16,17} Facility fees for outpatient and other ambulatory care are becoming more common, for example for outpatient care provided at hospital-owned clinics or physicians' offices, and can drive up the prices for health care services.^{18,19,20} Retail prescription drug spending contributed the remaining 18.9%. These proportions are averages of per-person spending across the full five-year analysis period (2019 to 2023). The proportion of spending contributed by each category varied over time, with the inpatient share decreasing and the retail prescription drug share increasing over the course of the five-year study period (Supplemental Exhibits S-6 through S-13).

Figure 3: Components of Per-Person Health Care Spending, 2019 to 2023 (combined)



Source: Health Economics Program analysis data from the Minnesota All Payer Claims Database, Extract 27.

Conclusion

Annual per-person spending for commercially insured Minnesotans ages 64 and younger grew by 15.0% from 2019 to 2023. Despite COVID-19 related year-to-year fluctuations in utilization during this 5-year study period, utilization in 2023 was similar to 2019. Average prices grew each year from 2019 to 2023, with the exception of a slight decrease in 2021 due to a dramatically increased volume of lower-price services, specifically COVID-19 tests and vaccinations.

Despite disruptions to patterns of prices and utilization from 2019 to 2021, growth in prices remains the most influential driver of overall commercial health care spending growth.

This analysis bolsters our understanding of the drivers of health care spending and plays an important role in the development of policy solutions to address the impacts of increasing health care spending on the health care system and on Minnesotans. In partnership with the Minnesota Department of Health's (MDH) Center for Health Care Affordability (CHCA), the Health Economics Program is pursuing additional analyses to better understand the many factors that explain the current levels of health care spending and are responsible for driving its

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growth.²¹ These forthcoming analyses will help to inform health system transformation aimed at enhancing health care affordability in Minnesota.

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Notes and References

- ¹ Centers for Medicare and Medicaid Services (2025). NHE Fact Sheet. Available at: [NHE Factsheet \(https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet\)](https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet). Retrieved September 8, 2025.
- ² Health Economics Program, Minnesota Department of Health (forthcoming). Minnesota Health Care Spending: 2023 Estimates and Ten-Year Projections. Will be available at: [Health Economics Program Homepage \(https://www.health.state.mn.us/data/economics/index.html\)](https://www.health.state.mn.us/data/economics/index.html). Retrieved September 8, 2025
- ³ Commercial health insurance, also known as private health insurance, refers to health insurance that is offered by employers to their employees or purchased by individuals from a private health insurance company.
- ⁴ The MN APCD is a state repository of de-identified health care enrollment and adjudicated claims data administered by the Minnesota Department of Health. See: Health Economics Program, Minnesota Department of Health (2025). Minnesota All Payer Claims Database. Available at: [Minnesota All Payer Claims Database \(https://www.health.state.mn.us/data/apcd/\)](https://www.health.state.mn.us/data/apcd/). Retrieved September 8, 2025.
- ⁵ Population change, illness burden, and changes in medical technology are more specific factors that can affect spending through their effects on utilization, prices, or both. We opted not to examine these specific factors because they are not easily quantified. The mix of health care services provided in a given year can also vary from year to year, potentially impacting measures of spending, prices, and utilization.
- ⁶ Health Care Cost Institute (2025). Health Care Cost Institute. Available at: [Health Care Cost Institute \(https://healthcostinstitute.org\)](https://healthcostinstitute.org). Retrieved September 8, 2025.
- ⁷ Health Care Cost Institute (2024). 2022 Health Care Cost and Utilization Report Analytic Methodology 2022 V1.0. Available at: [2022 Health Care Cost and Utilization Report Analytic Methodology 2022 V1.0 \(https://healthcostinstitute.org/images/pdfs/HCCI_2022_HCCUR_Methodology.pdf\)](https://healthcostinstitute.org/images/pdfs/HCCI_2022_HCCUR_Methodology.pdf). Retrieved September 9, 2025.
- ⁸ Annual per-person spending was calculated by adding up all health care spending during the year in the MN APCD, then dividing it by the total number of commercially insured Minnesotans ages 64 and younger. Utilization was calculated similarly by counting the number of health care services and dividing by the number of enrollees. Prices are equal to spending divided by utilization.
- ⁹ Congressional Budget Office (2022). The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services. Available at: [The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services \(https://www.cbo.gov/system/files/2022-01/57422-medical-prices.pdf\)](https://www.cbo.gov/system/files/2022-01/57422-medical-prices.pdf). Retrieved September 8, 2025.
- ¹⁰ Health Economics Program, Minnesota Department of Health (2024). Chartbook Section 2: Trends and Variation in Health Insurance Coverage. Available at: [Chartbook Section 2: Trends and Variation in Health Insurance Coverage \(https://www.health.state.mn.us/data/economics/chartbook/docs/section2.pdf#page=4\)](https://www.health.state.mn.us/data/economics/chartbook/docs/section2.pdf#page=4). Retrieved September 8, 2025.
- ¹¹ The higher and more variable prices for health care seen in the commercial insurance market are a result of many factors that differentiate commercial health insurance from public health insurance, most notably the complex and opaque negotiations between a multitude of payers and providers.

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¹² The onset of the COVID-19 pandemic had immediate and wide-ranging impacts on the health care system. Efforts to combat the spread of the virus and ensure the stability of the health care system resulted in policies and practices that temporarily restricted care delivery. Additionally, the risk of contracting COVID-19 may have motivated many individuals to delay care. These and other factors likely contributed to the substantial decrease in health care utilization seen in 2020.

¹³ In 2020 and 2021, a substantial proportion of the services captured in the outpatient and professional categories were associated with COVID-19 vaccinations and tests. The higher volume and lower average price of these services had an outsized impact on the spending, price, and utilization measures in their respective categories and overall. See Supplemental Exhibits S-12 and S-13 for additional detail.

¹⁴ Our study period saw annual health care price increases of 2.1%, -1.2%, 9.6%, and 8.6%. The corresponding annual percentage changes in the Consumer Price Index for All Urban Consumers in the Midwest Region (CPI-U, Midwest) over the same period were 1.0%, 5.1%, 8.0%, and 3.8%). CPI-U values used here are from the Bureau of Labor Statistics. Available at: [Consumer Price Index for All Urban Consumers \(CPI-U\) \(https://data.bls.gov/PDQWeb/cu\)](https://data.bls.gov/PDQWeb/cu). Retrieved September 8, 2025.

¹⁵ Claims for retail prescription drugs include prescriptions written by a provider and filled at a pharmacy. They do not include drugs administered by providers or over the counter medications. The prices of retail prescription drugs are recorded in MN APCD claims data before manufacturer rebates are applied, should any be available.

¹⁶ Please note that this issue brief follows the methodology used by HCCI in their Health Care Cost and Utilization reports; in these reports, HCCI differentiates between facility charges and provider charges. Other estimates of health care spending, including those used in other MDH reports (Health Economics Program, Minnesota Department of Health (2023). Minnesota Health Care Spending: 2020 Estimates and Ten-Year Projections. Available at: [Minnesota Health Care Spending: 2020 Estimates and Ten-Year Projections \(https://www.health.state.mn.us/data/economics/docs/2020spendingrpt.pdf\)](https://www.health.state.mn.us/data/economics/docs/2020spendingrpt.pdf) and by CMS (Centers for Medicare and Medicaid Services (2024) National Health Expenditure Accounts. Available at: [National Health Expenditure Accounts \(https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData\)](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData) are aggregated differently, and therefore are not directly comparable to the estimates presented here. Retrieved September 8, 2025.

¹⁷ Example areas of spending often cited include building upkeep, room and board for inpatient settings, medical supplies and machinery, nursing care, electronic medical records systems, and billing.

¹⁸ Health Care Cost Institute (2025). Facility Fees: What are they and how do they impact health care prices? Available at: [Facility Fees: What are they and how do they impact health care prices? \(https://healthcostinstitute.org/hcci-originals-dropdown/all-hcci-reports/facility-fees-what-are-they-and-how-do-they-impact-health-care-prices?\)](https://healthcostinstitute.org/hcci-originals-dropdown/all-hcci-reports/facility-fees-what-are-they-and-how-do-they-impact-health-care-prices?). Retrieved September 8, 2025.

¹⁹ Health Affairs (2025). Facility Fees 101: What is all the Fuss About? Available at: [Facility Fees 101: What is all the Fuss About? \(https://www.healthaffairs.org/content/forefront/facility-fees-101-all-fuss\)](https://www.healthaffairs.org/content/forefront/facility-fees-101-all-fuss). Retrieved September 8, 2025.

²⁰ Minnesota Reformer (2025). You've covered your copayment; now brace yourself for the 'facility fee'. Available at: [You've covered your copayment; now brace yourself for the 'facility fee' \(https://minnesotareformer.com/2024/04/29/youve-covered-your-copayment-now-brace-yourself-for-the-facility-fee/\)](https://minnesotareformer.com/2024/04/29/youve-covered-your-copayment-now-brace-yourself-for-the-facility-fee/). Retrieved September 8, 2025.

²¹ Center for Health Care Affordability, Minnesota Department of Health (2025). Center for Health Care Affordability. Available at: [Center for Health Care Affordability \(https://www.health.state.mn.us/data/affordability/index.html\)](https://www.health.state.mn.us/data/affordability/index.html). Retrieved September 8, 2025.