

How Did the COVID-19 Pandemic Affect Healthcare Spending?

Grace Hill

Economist

Consumer Expenditure Surveys
Office of Prices and Living Conditions



Introduction

Healthcare expenditures reveal the cost to consumers of improving their health.

So, in an environment with:

- ▶ Health-related uncertainty
- ▶ Lockdowns and social distancing

Followed by:

- ▶ Vaccines
- ▶ Easing of restrictions



Introduction

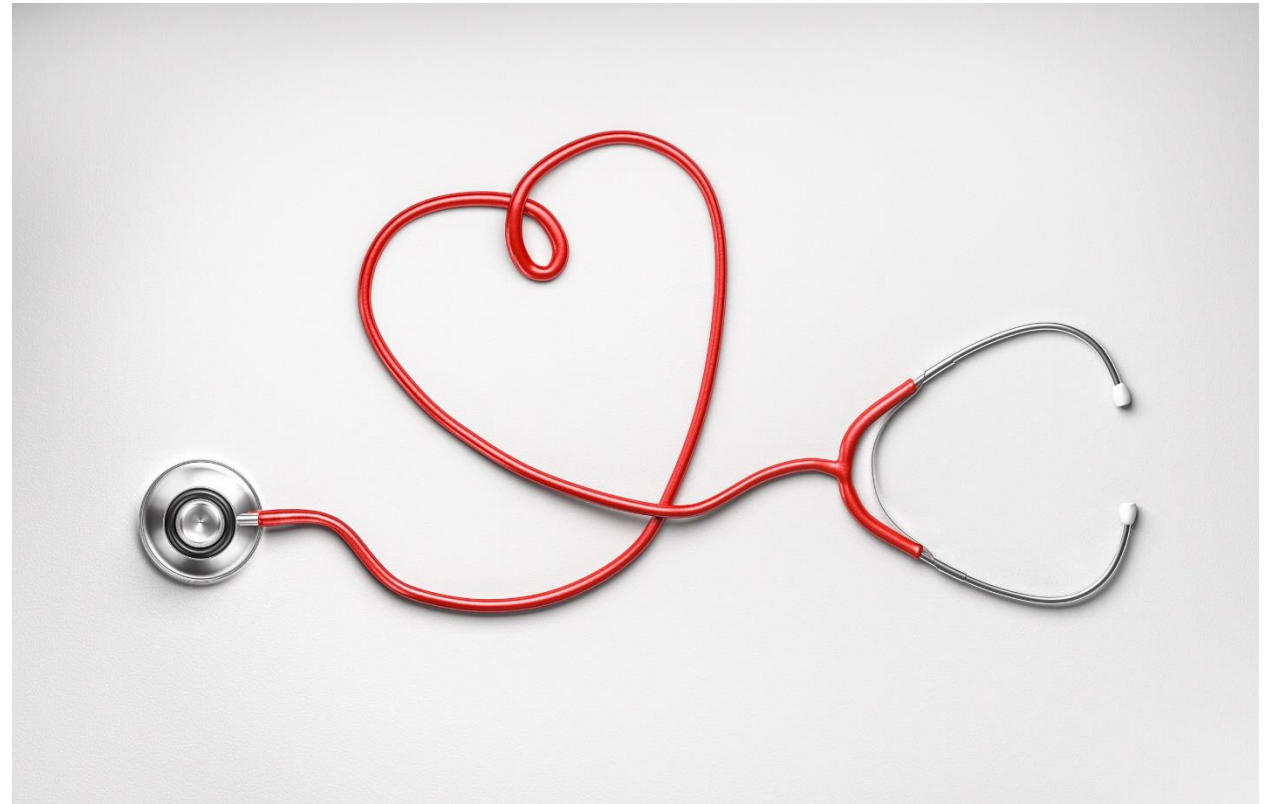
Did consumers change how they allocate their healthcare spending in response to pandemic challenges?

Yes!



CE Healthcare Expenditures

- Healthcare expenditures is an aggregate of 4 components:
 - Health insurance
 - Medical services
 - Drugs
 - Medical supplies



Healthcare spending

Table 1. Consumer Expenditure Surveys, 2019–21

Item	Annual 2019	Annual 2020	Annual 2021	Percent changes		
				2019–20	2020–21	2019–21
Average annual expenditures	\$63,036	\$61,332	\$66,928	-2.7	9.1	6.2
Average annual expenditures less healthcare	57,843	56,155	61,476	-2.9	9.5	6.3
Healthcare	5,193	5,177	5,452	-0.3	5.3	5.0
Health insurance	3,529	3,667	3,704	3.9	1.0	5.0
Medical services	984	864	1,070	-12.2	23.8	8.7
Drugs	486	476	498	-2.1	4.6	2.5
Medical supplies	194	170	181	-12.4	6.5	-6.7

Source: U.S. Bureau of Labor Statistics.



COVID-19 and Medical services in 2020

- Government ordered lockdowns and social distancing
 - ▶ In person doctor visits posed a risk of infection so many consumers went without those services in 2020



COVID-19 and Medical services in 2020

■ Demographic spending patterns:

▶ Income

- The lowest and highest income quintiles had the highest percent decreases in medical services spending, about 27 percent and 19 percent respectively

▶ Family Composition

- Single parents decreased their medical services spending by about 24 percent
- Married parents increased their medical services spending by about 4 percent

Medical services in 2021

■ Vaccines

- ▶ Various groups become eligible for a vaccine against COVID-19, allowing for a sense of safety and easing of lockdown restrictions



Medical services in 2021

■ Demographic spending patterns:

▶ Age

- Consumer units with reference persons aged 35-44 increased medical services spending by about 62 percent

▶ Family Composition

- All family types increased their medical services spending *except* married couples with children under 6
- Presumably, this is due to delayed vaccine approval for children under age 5

How did the COVID-19 pandemic affect healthcare spending?

■ Read the full article here:

▶ <https://www.bls.gov/opub/btn/volume-12/how-did-the-covid-19-pandemic-affect-healthcare-spending.htm>



Contact Information

Grace Hill

Economist

Consumer Expenditure Surveys

www.bls.gov/cex

202-691-6900

hill.grace@bls.gov

