No Growth in U.S. Dental Spending in 2013

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Introduction

Dental spending in the United States went flat in 2008 and began to slow in 2002, well before the Great Recession. Previous analysis shows that through 2012, there was no change in this trend. In this research brief, we use newly released data to update our findings on dental care expenditures. We analyze national dental expenditure patterns from 1990 to 2013, the most recent year for which data are available. We discuss the policy implications of our findings.

Data & Methods

We analyzed national health expenditure data from the Centers for Medicare and Medicaid Services (CMS). We focused on the period 1990 to 2013, the most recent year for which data are available (data for 2013 were released December 3, 2014). We analyzed national expenditures in nominal dollars, inflation adjusted dollars, and per capita inflation adjusted dollars.

As recommended by the Agency for Healthcare Research and Quality (AHRQ) we used the gross domestic product (GDP) deflator to adjust for inflation. Inflation-adjusted estimates are presented in 2013 dollars. We adjusted for population growth using population data from...
the U.S. Census Bureau. We also analyzed the breakdown of dental expenditures by source of financing and compared this to the breakdown of total health expenditures.

Results

Figure 1 summarizes national dental expenditure from 1990 to 2013 in nominal and inflation-adjusted dollars and can be interpreted as a measure of the size of the dental economy. In 2013, national dental expenditure was $111 billion. This was down slightly from $112 billion in 2012 (in inflation-adjusted 2013 dollars). In 2013, dental expenditure accounted for 3.8% of overall national health expenditure, down from a peak of 4.5% of national health expenditure in 2000 (within our period of study) but roughly the same level as in recent years.

Figure 2 summarizes inflation-adjusted national dental expenditure per capita. This is a measure that takes account of both inflation and population growth. Inflation-adjusted dental expenditure per capita fell from $356 in 2012 to $351 in 2013, continuing a downward trend that began 2010. It is also clear from Figure 2 that the growth rate of per capita dental expenditure changed significantly in the early 2000s.

Figure 3 shows the growth rate of national dental expenditure compared to the growth rate of overall health expenditure in the United States. Between 1990 and 2002, inflation-adjusted per-capita dental expenditure was growing at 3.9% per year, slightly faster than overall health expenditure. For the 2002-08 period, however, the inflation-adjusted per-capita dental expenditure growth rate declined dramatically to 2.0% per year, well below the growth rate for overall health expenditure. Since 2008, inflation-adjusted dental expenditure per capita has declined – albeit at a very slow rate of 0.6% per year – while overall health expenditure has continued to grow, but at lower than historical rates.

Figure 4 summarizes the breakdown of overall health expenditure by source of financing from 1990 to 2012. Figure 5 does the same for dental expenditures. Dental expenditure remains overwhelmingly financed by private dental insurance and out-of-pocket spending, a very different mix than for overall health expenditure.

As shown in Figure 4, from 2012 to 2013 there was no change in the breakdown of overall health expenditures by source of financing. However, as shown in Figure 5, from 2012 to 2013 there was a small increase in the share of dental expenditure financed by public sources and a corresponding decrease in the share of dental expenditure financed by private insurance. This represents the continuation of a trend since 1990: an increase in the share of dental expenditure financed by public sources (from 2% in 1990 to 9% in 2013) and a decrease in the prominence of out-of-pocket spending. This same shift toward public financing also occurred for overall health spending.
**Figure 1:** National Dental Expenditure ($ millions)


**Figure 2:** National Dental Expenditure per Capita

**Figure 3:** Average Annual Growth Rate of Overall Health and Dental Expenditure

![Chart showing the average annual growth rate of overall health and dental expenditure from 1990-2013.](chart)

*Source:* Centers for Medicare and Medicaid Services; U.S. Bureau of Economic Analysis. *Note:* Rate calculated as average annual compounded growth rate.

**Figure 4:** Distribution of Overall Health Expenditure by Source of Financing

![Chart showing the distribution of overall health expenditure by source of financing from 1990-2013.](chart)

*Source:* Centers for Medicare and Medicaid Services. *Note:* CMS includes Medicare, Medicaid and CHIP.
Discussion

Our analysis covers four full years of the period since the end of the Great Recession and indicates very clearly that the dental economy is not rebounding. It appears that the ‘new normal’ of flat dental spending predicted by some analysts is indeed upon us. One of the key drivers of the slowdown in the dental economy is declining dental care use among working-age adults. There is no sign of a reversal in this trend.8 While the Affordable Care Act is expected to spur demand for dental care among low-income adults and children, it is unlikely that this will compensate for a continued decline in demand among middle- and high-income working age adults. Further, it will certainly accelerate the trend toward increased public financing in the dental care sector.

A new analysis demonstrates that many states have seen reimbursement rate declines for dental care in both the private and public sector.8 It is unclear if these reimbursement trends will continue or reverse. Declining reimbursement also puts downward pressure on total national dental spending.

Our analysis confirms that important structural changes have occurred in the dental economy in recent years. Unless there is substantial changes in many currents trends in the dental care sector – namely dental care utilization among adults – we feel that total dental expenditure will continue to be sluggish in the short term.

Source: Centers for Medicare and Medicaid Services. Note: CMS includes Medicare, Medicaid and CHIP.
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References


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